



**FOREIGN
BROADCAST
INFORMATION
SERVICE**

Daily Report

Subscribers: Please see important notice inside.

China

**FBIS-CHI-95-018
Friday
27 January 1995**

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

NOTICE

Effective 3 January 1995, FBIS will no longer publish the China JPRS Report (JPRS-CAR). Material currently appearing in this report will be published in the China Daily Report (FBIS-CHI).

U.S. GOVERNMENT SUBSCRIBERS currently receiving the China JPRS Report will be sent the China Daily Report. U.S. Government customers, including Department of Defense personnel, who do NOT wish to receive the China Daily Report or wish to adjust the number of reports they receive should notify FBIS by fax at (703) 733-6042 or by phone at (202) 338-6735.

NONGOVERNMENT SUBSCRIBERS will be notified by mail in the coming weeks by the National Technical Information Service (NTIS) regarding pricing and ordering information for the China Daily Report. For immediate details call NTIS at (703) 487-4630.

Daily Report

China

FBIS-CHI-95-018

CONTENTS

27 January 1995

An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Spokesman Discusses Taiwan-, Hong Kong-Related Issues [ZHONGGUO XINWEN SHE]	1
XINHUA Cites Perry on Nuclear Deal With DPRK	1
Report Says U.S. Freezes Assets of Mideast Groups [Beijing International]	1

United States & Canada

Wu Yi 'Likely' To Sign IPR Agreement in Late Jan [Hong Kong HSIN PAO 26 Jan]	2
Official Says PRC, U.S. Drafting IPR Documents [Hong Kong HSIN PAO 26 Jan]	2

Northeast Asia

Japan Expresses Appreciation for Earthquake Aid [XINHUA]	3
PRC Not To Send Group To Mark Kim Chong-il Birthday [Tokyo NIHON KEIZAI SHIMBUN 26 Jan]	3
Cable Project With ROK in Full Swing [XINHUA]	3

Southeast Asia & Pacific

First Batch of Yunnan-Made Boats Delivered to Burma [XINHUA]	4
Governor Signs Tourism Accord With Australian Firm [XINHUA]	4

Near East & South Asia

Iranian Official Condemns Western 'Interference' [Tehran IRNA]	4
Six Jet Trainer Aircraft Given To Pakistan [XINHUA]	4
Small Tractors Offered to Pakistan on Loan Basis [XINHUA]	5

Sub-Saharan Africa

'News Analysis' Views OAU's Somali Policy [XINHUA]	5
--	---

NATIONAL AFFAIRS

Political & Social

Deng 'Most Likely' Not Coming to Shanghai [Tokyo ASAHI SHIMBUN 26 Jan]	7
Qian Qichen Returns From African Tour [XINHUA]	7
Hu Jintao Tours Shaanxi [XINHUA]	7
Leaders Attend Spring Festival Gala in Beijing [XINHUA]	8
Article Recalls Memories of Hu Qiaomu [RENMIN RIBAO 13 Jan]	8
Foreign Ministry on Human Rights Situation [XINHUA]	10
AFP Carries Reports on Situation in Prisons	11
Official Denies Wei Jingsheng Held	11
2,678 'Counterrevolutionaries' Held	11
Beijing Not To Open Prisons to ICRC	11
Leaders' Role in Anticorruption Drive Stressed [XINHUA]	12
Shanghai Trains Cadres for Central Work [Hong Kong MING PAO 17 Jan]	12
CAAC Signs Safety Contracts [ZHONGGUO XINWEN SHE]	14
Beijing To Reduce Production Pollution [CHINA DAILY 27 Jan]	14
Compulsory Quality Assurance System Effective 1 Jul [ZHONGGUO XINWEN SHE]	15
*Article Views Television Shows for Overseas Chinese [ZHONGGUO JIZHE 15 Oct]	15
*Vice Minister Views Functions of TV Journalists [ZHONGGUO JIZHE 15 Oct]	17

Science & Technology

Jiang Zemin Orders Investigation Into Rocket Failure [Hong Kong MING PAO 27 Jan]	18
Song Jian Addresses Award-Winning Scientists [XINHUA]	19

Military & Public Security

Ren Jianxin Addresses Public Security Plenum [XINHUA]	20
Yu Yongbo Discusses Army's Anticorruption Efforts [XINHUA]	21
XINHUA on Antismuggling Achievements of Border Units	22
Paper Warns of Army Instability, Discontent [Hong Kong LIEN HO PAO 25 Jan]	22
Lhasa Reports 1994 Public Protest Attempts [Lhasa Radio]	24
Naval Officer Calls For Building Nuclear Flattop [Tokyo KYODO]	24
PLA Paper Shows Picture of 'Super-Long-Barrel-Gun' [JIEFANGJUN BAO 23 Jan]	25
Armed Police Score Results in Studying Theory [XINHUA]	25
PLA Foreign Trade Increases 25 Percent in 1994 [JIEFANG RIBAO 7 Jan]	26
Compulsory Drug Rehabilitation Measures [XINHUA]	26

ECONOMIC AFFAIRS

General

Wen Jiabao Inspects Poor Areas in Shandong [XINHUA]	29
Article Views Antipoverty Achievements [XINHUA]	29
State Planning Commission Urges Tighter Price Control [XINHUA]	31
State Council Circular on Industrial Survey [XINHUA]	31
RENMIN RIBAO on Merits of State Firms	32
Part I [1 Jan]	32
Part II [2 Jan]	33
Deyang's Experience in Running State Enterprises [RENMIN RIBAO 6 Jan]	35
Trials for Establishment of Enterprise System [ZHONGGUO XINWEN SHE]	36
Article Cites Deng on Three Gorges Project [Hong Kong TA KUNG PAO 14 Jan]	36
*Article Views Rural Shareholding Cooperative System [JINRONG SHIBAO 19 Nov]	39

Finance & Banking

Conference Urges Foreign Exchange Reform [XINHUA]	41
Foreign Exchange Reserves Increase by 100 Percent [ZHONGGUO XINWEN SHE]	42
*Article Views Foreign Capital Utilization Needs [GAIGE 20 Nov]	43
XINHUA Commentary on Monetary Policy	50
Money Supply in 1994 Stays 'Too High' [XINHUA]	51
Shanghai To Tighten Control of Finance, Money Supply [ZHONGGUO XINWEN SHE]	51
Liaoning Savings Deposits Top 50 Billion Yuan [XINHUA]	52

Foreign Trade & Investment

Li Lanqing, Wu Yi Speak at Foreign Trade Meeting [XINHUA]	52
Official Discusses Totals, Use of Foreign Investment [XINHUA]	53
Copyright Bureau Official on Opposing Piracy [FAZHI RIBAO 18 Jan]	54
*Official on Cross Straits Intellectual Property Rights [JINGJI RIBAO 1 Dec]	55
Heilongjiang Province Changes Economic Focus [CHINA DAILY 27 Jan]	58
Tianjin's Port Status Prominent in North in '94 [XINHUA]	58
Sino-Japanese Trade Exceeds \$45 Billion in 1994 [XINHUA]	59
Joint Venture's Car Sales Increase [XINHUA]	59

Agriculture

Chen Junsheng on First National Agriculture Survey [XINHUA]	59
State To Increase Agricultural Investment in 1995 [XINHUA]	60
Anhui Teleconference on Rural Affairs [ANHUI RIBAO 4 Jan]	61
Rural Enterprises Booming in Fujian [XINHUA]	62
Hainan To Put 'Extra Efforts' Into Agriculture [XINHUA]	62
*Economist Favors Large-Scale Agricultural Operations [JINGJIXUE DONGTAI 18 Nov]	63

REGIONAL AFFAIRS

East Region

Sixth Anhui Party Congress Plenary Meeting Closes [Hefei Radio]	66
Jiangsu Focuses on Economic Efficiency [XINHUA RIBAO 7 Jan]	66
Shanghai To Establish Modern Enterprise System [XINHUA]	69
Zhejiang Leaders Address Grain Work Meeting [ZHEJIANG RIBAO 10 Jan]	69

Southwest Region

Gyamco Speaks on Tibet's Gold Mining Potential [Lhasa Radio]	71
Tibet People's Congress Improves Legislative Work [XIZANG RIBAO 9 Jan]	71
Article on Tibet's Education, Science Work in 1994 [Lhasa Radio]	72

North Region

Beijing Outlines Plan for Party Building [BEIJING RIBAO 26 Dec]	72
Hebei's Ye Liansong on National Economy [HEBEI RIBAO 18 Dec]	82
Inner Mongolia Secretary Visits Plant Workers [NEIMENGGU RIBAO 13 Jan]	93

Northeast Region

Liaoning Holds Meeting on Opening to Outside	94
Acting Governor Views Work [LIAONING RIBAO 6 Jan]	94
Secretary Addresses Meeting [LIAONING RIBAO 8 Jan]	95

Northwest Region

Qinghai Officials Discuss 1995 Development Plan [Xining Radio]	97
Xinjiang People's Congress Committee Convenes [XINJIANG RIBAO 10 Jan]	97

TAIWAN

More Media Coverage on ARATS-SEF Talks	99
SEF's Chiao Meets Wang Zhaoguo [Taipei Radio]	99
Talks Extended [CNA]	99
Talks End Without Agreement [AFP]	100
Chien Addresses World Freedom Day Meeting [CNA]	100
Shih Challenges Li Not To Run for President [CNA]	101
Mainland Pastors Conduct Two-Week Visit [Taipei LIEN-HO PAO 12 Jan]	101
Easing of Foreign Investment Restrictions Planned [CNA]	101
Poll Shows Businesses Expecting Protection Pact [CNA]	102
New Representative Leaves for Belgium [CNA]	102
*New Mayor Interviewed [Taipei HSIN HSIN WEN 7 Dec]	103

HONG KONG & MACAO

Hong Kong

China Criticizes Government Over Sewage Plan [Hong Kong SOUTH CHINA MORNING POST 27 Jan]	107
XINHUA Official Addresses District Advisers	107
Researcher Suggests Appointees Share Top Posts [Hong Kong SOUTH CHINA MORNING POST 27 Jan]	107

General

Spokesman Discusses Taiwan-, Hong Kong-Related Issues

HK2601135495 Beijing ZHONGGUO XINWEN SHE
in Chinese 1056 GMT 26 Jan 95

[FBIS Translated Text] Beijing, 26 Jan (ZHONGGUO XINWEN SHE)—At a news briefing held this afternoon, Foreign Ministry spokesman Shen Guofang spoke favorably of the ongoing talks on routine business between the Association for Relations Across the Taiwan Straits [ARATS] and Straits Exchange Foundation [SEF], saying that recognition should be given to the results of consultations and talks between the two bodies.

In reply to a question about civil aviation privileges between Taiwan and Hong Kong, Shen Guofang said: Current air transportation between Hong Kong and Taiwan is based on an accord between Taiwan and Hong Kong airlines. The accord is due to expire in April this year. We believe that continuing the present transportation arrangement between Taiwan and Hong Kong will benefit the economic development and personnel exchanges of both areas. Therefore, we agree in principle to let the airlines of the two areas conduct talks on term renewal, but any arrangements for aviation transportation straddling 1997 must secure the prior agreement of PRC departments concerned.

On setting a Court of Final Appeal in Hong Kong, Shen Guofang said: The principled accord reached between China and Britain in 1991 on the composition of the Court of Final Appeal must be observed strictly. What needs to be pointed out is that setting up a court of final appeal involves the composition of the court and other related matters, which must be resolved. At present, China is stepping up efforts to study this matter and hopes to hold consultations with Britain. Britain waited more than two years following the 1991 principled accord before it submitted to China the draft Court of Final Appeal ordinances. China is hoping to reach an agreement with Britain on this matter. China is not entirely responsible for the fact that the matter has not yet been comprehensively resolved.

XINHUA Cites Perry on Nuclear Deal With DPRK

OW2701062695 Beijing XINHUA in English 0524
GMT 27 Jan 95

[FBIS Transcribed Text] Washington, January 26 (XINHUA)—U.S. Defense Secretary William Perry today reiterated the reliability of the nuclear accord with Pyongyang and called on the Republican-led congress not to overturn it.

Appearing before the Senate Armed Services Committee, Perry said he believed that the nuclear agreement signed last October headed off a likely nuclear confrontation with the Democratic People's Republic of Korea (DPRK).

Under the accord, DPRK agreed to halt and eventually dismantle its nuclear program in return for an estimated 4 billion U.S. dollar package of advanced nuclear technology and alternative energy supplies.

The accord, however, triggered off a wave of attacks from Republican lawmakers who have been requesting the Clinton administration to submit the agreement to the congress for ratification.

The defense secretary warned that any severe congressional changes to the deal could rekindle tensions in Northeast Asia. "I believe the tensions would be higher at that time, maybe even much higher," he stressed.

Perry repeated what he said in his testimony at the hearing of the Senate Foreign Relations Committee on Monday [23 January]. He told the committee that the United States had considered "going in and taking out the nuclear reactor" before deciding that concluding an agreement with Pyongyang is the best way to avoid a nuclear conflict on the Korean Peninsula.

Perry said that a likely alternative would involve the deployment of hundreds of thousands of U.S. troops in South Korea and cost tens of billions of dollars a year.

"What we are buying with this agreement is the elimination of this (nuclear) program," Perry told the Senate Armed Services Committee. "We are buying it without the military confrontation, which is what we were headed for last June."

Gary Luck, commander of U.S. Forces in South Korea, joined the Defense Secretary at the hearing today in defending the nuclear accord.

Luck told the committee that the deal "appears to have brought the nuclear threat under control" on the Korean Peninsula.

Report Says U.S. Freezes Assets of Mideast Groups

SK2601145495 Beijing China Radio International in
Korean 1100 GMT 26 Jan 95

[Unattributed commentary]

[FBIS Translated Text] In this hour, we will talk about Clinton's order to freeze U.S. assets of 12 Middle East organizations.

On 24 January, U.S. President Clinton issued an order to freeze U.S. assets of 12 Middle East organizations and stop their fund-raising activities. He said that this decision is designed to counter international terrorist activities which have become grave again.

The 12 organizations include the Hamas Resistance Movement, the Party of God organization, the Islamic Jihad organization, the Democratic Front for the Liberation of Palestine, the Popular Front for the Liberation of Palestine, and two radical Jewish organizations.

Under an executive order signed by Clinton, no bank in the United States can make financial transactions with these organizations or open accounts for them, and no one should donate funds to them.

President Clinton also said that the personal assets of 18 individuals the United States believes have ties with Middle East terrorist organizations will be frozen. The 18 people include Rahman, the Egyptian priest who has been convicted for the bombing of the World Trade Center in New York; and George Habash, the leader of the Popular Front for the Liberation of Palestine.

The White House said Clinton issued this executive order under the International Emergency Economic Powers Act and that this order will take effect immediately without Congressional ratification.

In recent years, retaliatory violence and terrorist incidents have incessantly taken place between Arabs and Israelis in the Middle East and some other areas of the world. In the past nine months alone, five bombing attack incidents were perpetrated against Israel, killing 54 people and injuring 200 other people.

Also on 18 July last year, an Israeli (?Cultural Center) building in Buenos Aires, the capital of Argentina, was bombed, killing 96 people. The Party of God central organization was suspected of perpetrating this incident.

And, last October, a bus exploded in business quarters in downtown Tel Aviv, the capital of Israel, killing 22 people. The Hamas Resistance Movement later claimed responsibility for this incident.

On 22 January, another bombing incident took place at a bus stop in the suburbs of Tel Aviv, killing 19 people, most of whom were Israeli soldiers.

On the day he issued the order, Clinton sent a letter to the U.S. Congress. In the letter, he said Middle East terrorist activities have broken up the progress of the peace process and greatly threaten security, (?trade), and the economy in the United States. He also said that if these organizations get donations and conduct financial transactions in U.S. territory, this will hurt U.S. interests.

White House spokesman McCurry said on 24 January that that day's decision was Washington's first measure to deal a blow to international terrorist activities and that President Clinton will soon present a plan to Congress to launch comprehensive attacks on terrorist activities.

'Arafat, chairman of the Palestinian National Committee, welcomed the Clinton decision.

United States & Canada

Wu Yi 'Likely' To Sign IPR Agreement in Late Jan

HK2601031495 Hong Kong HSIN PAO in Chinese
26 Jan 95 p 2

[Report: "Wu Yi Likely To Go to United States To Sign IPR Agreement"]

[FBIS Translated Text] According to a well-informed source in Beijing, as regard the Sino-U.S. talks on the protection of intellectual property rights, it is believed that the two sides will soon reach an agreement. Minister Wu Yi of the Ministry of Foreign Trade and Economic Cooperation suggested that she would like to make a trip to Washington in late January to meet U.S. Trade Representative Kantor, when the two sides will sign the relevant documents.

The Beijing source said that the U.S. trade talks delegation had adopted a new strategy since the talks with the Chinese side resumed on 24 January and had created a better atmosphere for the talks. It was learned that Sands, a deputy assistant trade representative who is in charge of the current talks, is authorized to reach a final agreement with the Chinese side. Should Wu Yi really make that trip to meet Kantor in the United States, it is because Sands is at a lower level than Wu Yi diplomatically. Such being the case, it is estimated that the final agreement will be signed by Wu Yi and Kantor. Besides, if Wu Yi makes that trip, it will be a relatively brief visit and she is likely to hurry back to Beijing before the Chinese Lunar New Year which falls at the end of January. However, the U.S. position has been very explicit: should the two sides fail to reach a final agreement, implementation of trade sanctions will be inevitable.

Official Says PRC, U.S. Drafting IPR Documents

HK2601044995 Hong Kong HSIN PAO in Chinese
26 Jan 95 p 2

[By Chen Pi-chun (7115 4310 0689) from Beijing: "PRC, United States Draft IPR Document To Step Up Law Enforcement"]

[FBIS Translated Text] China and the United States yesterday conducted their second day of talks on the intellectual property rights [IPR] issue in Beijing. A representative of the Chinese side said that both sides are drafting a document similar to the Sino-U.S. IPR Memorandum of Understanding [MOU]. The difference between this document and the 1992 Sino-U.S. MOU on IPR is that the first has more stress on legislation and the new one has more stress on law enforcement, including strengthening administrative measures and cracking down on IPR infringement activities.

The representative said the Chinese side is striving to reach an agreement before the Spring Festival but this also depends on the attitude of the U.S. side. The official described the demands by the U.S. side as "being too broad [kuan kuo 1401 7059]." It is learned that the main obstacle in the current talks is that the U.S. side is demanding that China relax market restrictions and allow U.S. audio and video products to enter the Chinese market.

The Chinese official pointed out that at the negotiation table, the U.S. side demanded that China allow U.S. audio and video companies to establish joint-ventures in

China to produce audio and video products. He held that this proposal was unreasonable because the main subject for discussion at the current talks between China and the United States is an investigation into China's copyright and IPR infringements according to the Special 301 provision rather than the market access issue, which should be reserved for discussion at the GATT talks on access to the services trade market. The representative refused to make any comments on whether the Chinese side would make concessions on the market access issue in order to reach an agreement.

Regarding the issue that the U.S. representatives had demanded uniform court service charges on reimbursement claims, a Chinese representative said that the Chinese side had already said it would make no concessions on this issue because it believed that the current charges are rational and there is no problem of excessively high charges. According to Chinese regulations, if the plaintiff only demands that the court ban production, and does not claim compensation, a sum of only 50 to 100 yuan in litigation fees will be paid. However, if the plaintiff claims compensation, the court will award 1 to 4 percent of the compensation funds as litigation fees in light of the actual amount of the compensation. The official pointed out that these charges are the same for both Chinese and foreigners. The Chinese can afford them; why cannot the Americans? He also emphasized that the administrative departments would not interfere in court affairs.

It is learned that through two days of talks in the second round of Sino-U.S. talks on the IPR issue, good progress has been achieved on the issue that various Chinese Government departments have strengthened administrative measures to crack down on and prevent IPR infringement activities and strengthened law enforcement. The Copyright Bureau of the PRC State Administration for Industry and Commerce [gong shang guan li ju ban quan ju 1562 0794 4619 3810 1444 3652 2938 1444], the state [guo jia 0948 1367], and the China Patent Office will put forward a series of important administrative measures to protect IPR.

Northeast Asia

Japan Expresses Appreciation for Earthquake Aid

OW2601163895 Beijing XINHUA in English 1554
GMT 26 Jan 95

[FBIS Transcribed Text] Tokyo, January 26 (XINHUA)—The Japanese Government today expressed its thanks to the Chinese government for the aid it offered to the earthquake-stricken areas of southern Hyogo Prefecture.

Japanese Deputy Prime Minister and Foreign Minister Yohei Kono, expressed sincere gratitude to the Chinese government and people for their support, sympathy and solicitude during a meeting with Chinese ambassador to Japan Xu Dunxin at the Ministry of Foreign Affairs.

Kono said that after the strong earthquake near Osaka and Kobe on January 17, Chinese Premier Li Peng immediately sent a message of sympathy and solicitude to Japanese Prime Minister Tomiichi Murayama. Chinese vice premier Qian Qichen also sent a message to his Japanese counterpart expressing sympathy and solicitude.

Meanwhile, China's Red Cross provided some of the funds and goods that were urgently required by Japan, Kono said, and added that the people in the disaster area had been greatly encouraged by the support, sympathy and solicitude of China.

For his part, Xu said that the Chinese government was gravely concerned for the disaster area and sincerely hoped it would return to normal soon.

The earthquake measuring 7.2 on the Richter scale struck on January 17. It is the worst earthquake in half a century in Japan, killing more than 5,000 people and causing considerable property damage within a 100 kilometer radius around Kobe.

PRC Not To Send Group To Mark Kim Chong-il Birthday

OW2601131495 Tokyo NIHON KEIZAI SHIMBUN in
Japanese 26 Jan 95 Morning Edition p 6

[By Moriyasu Okazaki]

[FBIS Translated Text] Beijing, 25 Jan—Referring to the possibility of China's dispatch of a delegation to North Korea to celebrate Secretary Kim Chong-il's birthday on 16 February, a high-ranking official of the Chinese Foreign Ministry said on 25 January: "North Korea has not overcome great sorrow, and ever since President Kim Il-song passed away, Pyongyang has not accepted any important delegations or high-level leaders from any nations in the world." Although it was customary for China to send a delegation to North Korea to celebrate President Kim Il-song's birthday, the high-ranking official's remarks suggest that China will not send a delegation this time because of North Korea's domestic situation.

Cable Project With ROK in Full Swing

OW2601163995 Beijing XINHUA in English 1611
GMT 26 Jan 95

[FBIS Transcribed Text] Qingdao, January 26 (XINHUA)—Construction of an underwater cable project linking China and the Republic of Korea (ROK) is now well on its way, according to a recent meeting of leading officials.

The officials in charge of the project said that more than 80 percent of the equipment needed for the cable project has been provided and the project has entered a stage of all-round construction.

This is the second international telecommunications cable laid by China, the first being the one connecting it with Japan.

With a total investment of 47 million US dollars, the optical fibre cable is about 570 km long and consists of two subsystems of 560 megabits per second, each having 7,560 digital lines.

Construction on the underwater part is expected to begin on April 10 and to be completed by the end of the year.

Southeast Asia & Pacific

First Batch of Yunnan-Made Boats Delivered to Burma

OW2401101395 Beijing XINHUA in English 0920 GMT 24 Jan 95

[FBIS Transcribed Text] Yangon, January 24 (XINHUA)—A delivery ceremony of the first batch of 5 powered vessels, which was made in China for Myanmar [Burma] Inland Water Transport, was held at Yangon [Rangoon] port here today.

First Secretary of Myanmar State Law and Order Restoration Council Lieutenant General Khin Nyunt and a vice governor of Yunnan Province of China, who is visiting here, attended the ceremony.

Under the contract agreement between Myanmar Inland Water Transport and Yunnan Machinery Corporation signed here in June 1993, the Myanmar state-run Inland Water Transport purchased 42 vessels from China with a loan of 30 million U.S. dollars.

Governor Signs Tourism Accord With Australian Firm

OW2701094095 Beijing XINHUA in English 0925 GMT 27 Jan 95

[FBIS Transcribed Text] Kunming, January 27 (XINHUA)—Former Australian Prime Minister Bob Hawke signed an agreement with a Chinese company to develop rich tourism resources in south China's Yunnan Province last night in this provincial capital.

Hawke, now a senior consultant with the China Society for Science and Management Research in Australia, was invited by the Kunming Hongda Company to discuss co-operation between the two sides.

He signed the agreement, to develop the Jiaozhishan Resort in Luquan County, with Governor of Yunnan He Zhiqiang.

The agreement, including several million U.S. dollars in investment from Australian companies, will be valid for 30 years.

The Jiaozhishan Resort, at an altitude of more than 4,000 m [meters], and with snow and ice on the top in winter, attracts mainly tourists from south China and Southeast Asia.

Near East & South Asia

Iranian Official Condemns Western 'Interference'

LD2501153495 Tehran IRNA in English 1246 GMT 26 Jan 95

[FBIS Transcribed Text] Beijing, Jan. 26 (IRNA)—China condemns interference of the West in internal affairs of other countries under the pretext of human rights, said the vice-president of National People's Congress of the People's Republic of China here Wednesday.

In a meeting with Justice Minister of Iran, Hojjat ol-Eslam Esma'il Shushtari, the Chinese official said that the main objective of the U.S. in raising the human rights issue in other countries is to safeguard its own interests.

Washington has no right to interfere in the internal affairs of other countries because the contemporary world would not tolerate hegemony and many of the developing countries do not agree with the U.S. version of human rights, stressed the Chinese official.

Praising Iran-Chinese joint struggles against U.S. expansionism, the official stressed [word indistinct] Tehran and Beijing had the right to determine their own fate and policy and not to submit to the U.S. pressures.

Hojjat ol-Eslam Shushtari, who is here on a five-day official visit at the invitation of his Chinese counterpart, said that victory of the Islamic revolution in Iran in 1979 has upset U.S. [word indistinct]. He added that before the Islamic revolution, Iran was under the domination of the U.S. and consequently could not friendly relations with China. [sentence as received]

However, stressed the Iranian minister, Tehran and Beijing have, presently, established close relations in various fields.

Noting that to struggle against the world arrogance was one of the principles of Iran's foreign policy, Hojjat ol-Eslam Shushtari said that as a major violator of human rights, the U.S. was exerting pressure on the independent and developing countries such as Iran and China and interfering in their internal affairs.

Six Jet Trainer Aircraft Given To Pakistan

OW2501122295 Beijing XINHUA in English 1111 GMT 25 Jan 95

[FBIS Transcribed Text] Islamabad, January 25 (XINHUA)—Pakistan received six Karakorum-8 (K-8) jet trainer aircraft from China today at Risalpur near Peshawa, the capital of North West Frontier Province (NWFP).

Pakistan Prime Minister Benazir Bhutto presided over the induction ceremony held at Pakistan Air Force (PAF) Academy in Risalpur.

She said, "this event is a significant milestone in the long history of fruitful technical collaboration between the two friendly neighbors China and Pakistan."

She added that K-8 program has helped Pakistan in strengthening its own aviation-related industrial base, while PAF's induction of the aircraft has lent credibility to the K-8 projects.

Vice Minister of China's Aero-Technology International Company (CATIC) Wang Ang, who has come to Pakistan especially for the induction, said K-8 is a good trainer with excellent functions.

He expressed their determination to improve the aircraft to meet various requests from different customers.

The K-8 is a joint venture of Pakistan aeronautical complex Kamra and CATIC which began as early as 1983.

K-8 was first started as a replacement of the PAF T-37 trainer fleet and later the two sides decided to co-design and co-develop it as a basic jet trainer.

During the ceremony, Pakistani pilots did exciting stunt flying with K-8 which won loud applause from all attendees.

The Chairman of Joint Chiefs of Staff Committee Air Chief Marshal Farooq Feroze Khan, Defense Minister Aftab Shaban Mirana, Chief Minister of NWFP Aftab Sherpao participated the ceremony.

Small Tractors Offered to Pakistan on Loan Basis *OW2601170295 Beijing XINHUA in English 1641 GMT 26 Jan 95*

[FBIS Transcribed Text] Islamabad, January 26 (XINHUA)—China offered small size tractors to Pakistan here today on soft and long term loan basis, according to a handout.

The offer was made by a visiting delegation of China Aero-Technology International Company (CATIC) at a meeting with Nawab Mohammad Yusuf Talpur, Pakistan Federal Minister for Food, Agricultural and Livestock.

The supply of tractors and spare parts will be discussed in a technical committee meeting to be held later.

CATIC manufactures and exports airplanes, tractors, agricultural implements and machinery.

The federal minister may visit China in March to study the manufacturing and functioning of tractors besides exploring other possibilities of expanding cooperation in the field of agriculture between the two countries.

Sub-Saharan Africa

'News Analysis' Views OAU's Somali Policy

*OW2701001595 Beijing XINHUA in English 2148
GMT 26 Jan 95*

["News Analysis" by Xiao Lingjun: "Africa Nations Gather Up To Meet Challenge"]

[FBIS Transcribed Text] Nairobi, January 26 (XINHUA)—The Organization of African Unity (OAU) is trying to find out a practical solution to the four-year-old Somali conflict by the end of March, when the United Nations Operation in Somalia (UNOSOM) is scheduled to be out of the war-ravaged Horn of Africa nation.

Under a decision adopted this week by the OAU at its 61st meeting of the Council of Ministers, the organization will manage two high powered meetings for the Somali issue: a ministerial meeting and a summit meeting, both to be held in March this year.

The decision is a second collective move by African countries toward the Somali issue since the beginning of the year.

On January 4, 1995, Africa's Inter-Governmental Authority on Drought and Development (IGADD) committee called over all the Somali factions to avoid further hostilities and bloodshed.

The rising profile of Africa as a whole comes with the retreating of UNOSOM, marking more or less a shift of responsibility for Somalia to the regional community.

"African solutions to African problems" has rushed to the headlines of some of the African media.

If Europe has decided not to abandon Bosnia, why should Africa have to give up hope for Somalia? Some articles asked.

While in urgent need of financial support, the African people are convinced that "African leaders have the best remedy and solutions to African problems."

As stated by the OAU mandated mediator, Ethiopian President Meles Zenawi in December 1993, African nations have better understanding of the Somali social structure, mentality, Somali way to feel things and the relationship between various clans.

Therefore African nations enjoy various advantages in helping the Somalis solve their problems.

Although one may expect too much to think that the African nations can bring an immediate end to the Somali conflict or solve this protracted problem in a short period of time, still it is worthwhile to try.

In fact, any peace process can prove to be a terrible time consumer. If Angola has to come through years of hard

peace efforts, there's no surprise for a rugged road leading to peace and order in Somalia. The key lies in unremitting efforts.

Success can be an example for other war-torn to follow, whereas failure is only part of the entire peace process in Somalia.

To be or not to be a success, the challenge of Somalia, Sudan or any other warring African nation is coming face to face to the OAU, the embodiment of the interests of all African peoples. The international community has all reason to support OAU in its courageous deed of taking that challenge, especially, in years following the pullout of UNOSOM.

Political & Social

Deng 'Most Likely' Not Coming to Shanghai

OW2601140695 Tokyo ASAHI SHIMBUN in Japanese
26 Jan 95 Morning Edition p 9

[By reporter Takuro Noguchi]

[FBIS Translated Text] Shanghai, 25 Jan—An official at the Xijiao Guesthouse where China's strongman Deng Xiaoping (aged 90) regularly spends the Chinese New Year (31 January for this year) admitted on 25 January that the guesthouse will be opened to the general public during the upcoming New Year celebrations. Normally, the guesthouse is closed to the public during Deng's stay there. The guesthouse official's comments indicated that Deng will most likely not be coming to Shanghai and affirmed the leader's failing health.

From the late 1980's, Deng has spent the New Year season in Shanghai every year because of the warmer weather in comparison to his home in Beijing and the better medical facilities there. Since the 1990's, Deng conducted inspection tours of the Pudong Development Zone and downtown Shanghai, looking forward to see changes taking place there.

The Xijiao Guesthouse is located near the Shanghai Airport. It consists of a residential building, which stands in a large plot of land, with gardens and woods surrounding the building. The guesthouse is used to host the country's senior officials and foreigners. The Japanese emperor and empress stayed there when they visited China in 1992. Whenever Deng stayed there, the guesthouse remained closed to the public, and strict security was enforced. For example, security guards were posted at entrances and exits.

Qian Qichen Returns From African Tour

OW2701072495 Beijing XINHUA in English 0701
GMT 27 Jan 95

[FBIS Transcribed Text] Beijing, January 27 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen returned here today after an official goodwill visit to five African countries.

Beginning January 16, Qian and his party visited Zaire, Congo, Togo, Benin and Nigeria.

During the visit, Qian exchanged views with leaders of the five countries on bilateral relations and issues of common interests.

Qian said at the end of his visit that the trip has enhanced mutual understanding, trust and cooperation between China and the five countries. He said he was satisfied with the results of the visit.

Greeting Qian and his party at the airport were Vice-Foreign Minister Tian Zengpei and diplomatic envoys from the five countries.

Hu Jintao Tours Shaanxi

OW2701013395 Beijing XINHUA Domestic Service in Chinese 1322 GMT 22 Jan 95

[By reporter Wang Shihuan (3769 0013 3562)]

[FBIS Translated Text] Xian, 22 Jan (XINHUA)—During an inspection tour of Shaanxi, Hu Jintao, Standing Committee member of the CPC Central Committee Political Bureau and member of the CPC Central Committee Secretariat, pointed out emphatically: Under the conditions of socialist market economic development, we should inherit and carry forward the Yanan spirit, emancipate our minds, seek truth from facts, show self-reliance, wage hard struggles, rely heavily on the masses, and unflinchingly promote the program of reform, opening up, and socialist modernization.

From 17 to 22 January, Hu Jintao inspected Yanan, Xianyang, and Xian in the company of An Qiyuan, secretary of the Shaanxi Provincial CPC Committee, and acting Shaanxi Governor Cheng Andong. He visited villages, families, workshops, and agricultural and commercial markets to find out about local economic construction, people's livelihoods, and party building. Everywhere he went, he had cordial conversations with the people, solicited their suggestions and requests, and extended Lunar New Year's greetings to them.

In Yanan, Hu Jintao first visited the Bayi Nursing Home and a cadres' sanatorium in Yanan where he called on and extended his regards to Red Army veterans and veteran cadres who were taking a rest there. He extended holiday's greetings and his best regards to the veteran comrades who had contributed to China's revolution. He said: The party and people will never forget that veteran comrades made indelible contributions to China's revolution and construction. We should always inherit and carry forward the lofty spirit and noble character of older-generation revolutionaries.

Hu Jintao showed great concern for economic development and people's livelihoods in the old northern Shaanxi revolutionary base. He visited several peasant households in Dongershilipu village in Qiaogou township, Yanan city, where he inquired in detail about their production and lives. Upon hearing that Shi Zhibin's family had earned 15,000 yuan last year from growing fruit trees, Hu Jintao said joyously: Your lives are improving with each passing year because you happen to be living at a time when the party is implementing sound policies. But do not forget to send your children to school. Production and lives will get even better only if sound policies are coupled with a good command of scientific and technological know-how.

After paying a two-day field trip to Yanan and hearing the Yanan prefectural party committee's work report, Hu Jintao said: Developments and changes in Yanan since the introduction of reform and opening up reinforce our faith in socialism with Chinese characteristics. Yanan will surely have a better future as long as we

unswervingly continue down this path. He expressed the hope that cadres and people in Yanan would heighten their sense of glory, responsibility, and urgency about Yanan's construction; and they would intensify their efforts in reform and opening up, take local realities into account, tap potential for development, adjust the industrial structure, quicken the pace of introducing investment from abroad and developing lateral ties at home, promote the economy so that it develops rapidly and well, and restore the luster of Yanan as the sacred place of the revolution in the course of modernization.

In Xian and Xianyang, Hu Jintao also inspected the Xian New and High-Technology Industrial Development Zone, the Xian Aircraft Industrial Company, the China Standard Sewing Machine Industrial Company, and the Shaanxi Color Television Tube General Factory. He also visited Dongzhou village in Sanyuan county and heard the Shaanxi provincial party committee's work report. Hu Jintao pointed out: Now is a crucial period of development, whether we are speaking of the entire nation or Shaanxi. Under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line, we should earnestly implement the guidelines of the 14th CPC National Congress and the Third and Fourth Plenary Sessions of the 14th CPC Central Committee, conscientiously carry out the work plans devised by the CPC Central Committee, seize the current favorable opportunity to intensify efforts at reform and opening up, resolve key contradictions and problems in the course of advancement, and promote sustained, rapid, and healthy economic development. We should keep in mind the general situation concerning work carried out by the party and country, and correctly handle the relationship among reform, development, and stability. The more crucial a stage for deepening reform we are in, and the faster the economy develops, the more we need to stress the importance of maintaining social stability and do a conscientious job in this respect. We should earnestly implement the CPC Central Committee's general plan for party building, carry out the new great undertaking of party building in an all-around manner, enhance the rallying and fighting power of party organizations at all levels, work with one heart and one mind, make concerted and solid efforts, blaze new trails, and open up new prospects for our work in Shaanxi.

Leaders Attend Spring Festival Gala in Beijing

OW2601164095 Beijing XINHUA in English 1614
GMT 26 Jan 95

[FBIS Transcribed Text] Beijing, January 26 (XINHUA)—Government and Communist Party leaders Jiang Zemin, Li Peng, Qiao Shi, Li Ruihuan, Liu Huaqing, and Hu Jintao attended a grand Spring Festival cultural performance together with military personnel and civilians here this evening.

The performance, which was sponsored jointly by the National Leading Group concerned with Work Supporting the Army and People, the Civil Affairs Ministry,

the Ministry of Radio, Film and Television, and the General Political Department of the People's Liberation Army, was also attended by other Party, government, and military officers.

Jiang Zemin and other leaders received a standing ovation upon their arrival at 7:40 p.m. today. There were handshakes between Jiang and army personnel and other audience members all around, as they exchanged greetings.

The performances at the evening party sang praises of the army personnel and their wives and other family members who have contributed to the motherland and to its people, and displayed their determination to build an even better army.

At the end of the performance, Jiang and other leaders went up to the stage where they posed for photos with the artists.

Article Recalls Memories of Hu Qiaomu

HK2601145495 Beijing RENMIN RIBAO in Chinese
13 Jan 95 p 11

[Article by Zhu Muzhi (2612 4476 0037): "Cherish Deeply the Memory of Comrade Qiaomu"]

[FBIS Translated Text] Comrade Gu Yu sent me a book, entitled *Hu Qiaomu's Memories of Mao Zedong*. She also invited me to a planned forum on the book. Unexpectedly, before the forum was convened, she followed Comrade Qiaomu and passed away, making me feel very sorrowful.

The book *Hu Qiaomu's Memories of Mao Zedong* is a good book that I had longed to read. When I received the book, I immediately read through it. The book's descriptions were my experiences, so they touched my heart deeply when I read it. In the past, I could not quite come to grips with the matters that were taking place. The book provided me with many important details which I had been totally unaware of, and it also offered many sound analyses. Therefore, although it was a review of the past, I still learned a lot.

The book mentioned that some XINHUA editors gathered at Xibaipo for training, and I was one of the participants, so I was particularly moved when I read this section. When past events came clearly into view, I could not help reflecting on those fascinating experiences.

Regarding the training, the book and the memories of some old comrades have described it in detail. I participated in the training at a later date. At that time, Jinan was liberated, so I was sent, along with two other comrades, to investigate the situation there, and I went to Xibaipo for training only after returning from the trip. Before the training, I did not know Comrade Qiaomu, and I heard about Comrade Qiaomu only after I arrived in Pingshan, where a local supervisory comrade talked

about him. It seemed that he had also come into contact with Comrade Qiaomu for the first time, and he spoke highly of him, holding that he had unique ideas which were out of the ordinary. After joining the training, I came to know Comrade Qiaomu, and afterward always worked under his guidance. Comrade Qiaomu said that the time in Xibaipo was truly valuable and laid a very good foundation for the development of the XINHUA News Agency. To me, it was also a period of building my own foundation from which I could benefit all my life.

The training was carried out in the compound in which Comrade Qiaomu lived. This was an ordinary house for rural people. The two rooms in the middle were the workshop for everyone, and the room beside it was Comrade Qiaomu's bedroom, so we were actually living together day and night. The working conditions at that time were very simple and crude, the house was narrow and dark, and the desk around which we sat when editing manuscripts was a makeshift one made of wooden boards. Some of us sat on tree trunks, and we used oil lamps. But that was the period in which everyone was most excited and happiest. It was the period of the three battles, when one or two messages of victory would arrive every day, and the good news of triumph caused everybody to be happy and to smile. But what excited people was that we could look at many commentaries, announcements, and items of news written personally by Chairman Mao. Whenever there was such a piece, everyone would try to grab it and read it aloud; regarding those magnificent, forthright, and thorough articles and many of those astonishing and witty sentences, everyone would applaud or thump the table and shout "Bravo!" I had never seen Chairman Mao's handwriting before, but at that time I was not only able to see it, I also found that the ink was still fresh, so I was very excited. Each of the manuscripts was a great enlightenment to me and taught me many things.

During the training, the most interesting and rewarding thing was the discussion of manuscripts every evening. Each evening, after sending off the edited manuscripts, Comrade Qiaomu would evaluate and discuss the manuscripts that had been sent out; he would pinpoint the problems in the contents of the manuscripts as well as the editing work, and explain why he had made such and such amendments. He also wanted everyone to print the final proof of the unedited manuscripts coming from various localities every day, and to offer ideas on how to handle them; then Comrade Qiaomu would give instructions. This kind of discussion and evaluation was really carried out in a manner whereby he took a person in hand and taught him how to do the job.

Comrade Qiaomu's solemn and serious attitude to work commanded boundless admiration among people. An event at that time impressed me deeply. After the Huai-Hai Campaign, Chiang Kai-shek's army was almost collapsing. Perhaps because of this, one night, when the foreign media suddenly reported that a number of aircraft from Chiang's army had sought refuge with

our army, everyone was very happy, and the central leading comrades were notified. But the report was later found to be inaccurate. Comrade Qiaomu felt a great deal of regret and thought that we had been too careless and should not have notified the higher level hastily, so he immediately submitted a self-examination report to the central authorities. This touched me deeply. According to my old perceptions, a thing like this would not matter too much, and I would certainly not have thought of making a self-examination report. This incident made me realize that working at XINHUA, which was an assistant to the central authorities, each and every word and deed would have an important impact on the central authorities and the whole country; and that there could not be any mistakes or negligence. After that incident, I knew what a self-examination was, and I indeed wrote more than one of those reports.

There was another incident, which taught me a lot. There was a local manuscript which had good contents. I edited it and sent it to Comrade Qiaomu for approval and dispatch. He read it and sent for me, and severely criticized me, for I had not corrected the grammatical mistakes in the manuscript. At that time, the customary ways of saying things in many liberated zones were not grammatical, but I was used to them and did not pay attention to them. After the criticism, I always feared that I might have some grammatical problems while editing and writing manuscripts. On more than one occasion, Comrade Qiaomu said that Chairman Mao never tolerated any problem in a manuscript, even if it was a punctuation mark. I indeed saw with my own eyes that in the manuscripts edited and corrected by Chairman Mao, he corrected punctuation marks.

During the period of training, under the leadership of Comrade Qiaomu, I received an education which was "solemn, strict, and stringent": Extremely solemn in politics, extremely strict in work style, and extremely stringent in work. Regrettably, up to now I am still unable to really meet these requirements which were set by Comrade Qiaomu.

In 1978, at a certain meeting, he made a speech on doing things according to economic laws (which was later carried by a newspaper). Although at that time we had already proposed that the whole country's central task should change from class struggle to economic construction, there were only a few people who had commented on how to correct the erroneous "leftist" ideas in economic work in such a systematic way. Had this problem remained unresolved, viewing economic construction as the central task would not have been possible. Comrade Qiaomu sharply pointed out that the socialist system would not automatically guarantee rapid economic development. He also pointed out that we must learn advanced things in the area of economic management from the capitalist countries, otherwise, we will trail behind others at a snail's pace, and will not be able to build socialism." Of course, at that time, our understanding of how things should be done according to

economic laws could not be as profound as it is now, and proposing such an idea in such an explicit way at that time required relatively great courage.

Shortly after the Third Plenary Session of the 11th CPC Central Committee, at a meeting of the Propaganda Department, Comrade Qiaomu raised the issue of how class struggle should be viewed in the period of socialism. He sharply criticized the slogan which called for "continuing the revolution under proletarian dictatorship," a slogan which was shouted most loudly during the Cultural Revolution. At that time, nobody criticized such slogans so explicitly and profoundly. His move at that time played an important role in bringing order out of chaos and triggering a thorough reform.

In 1982, Comrade Qiaomu's speech on the relations between literature and art on the one hand and politics on the other amended the proposal that "literature and art are subordinate to politics," thus greatly and profoundly influencing an emancipation of the mind in the field of literature and art. "Literature and art are subordinate to politics" were the words of Chairman Mao at the Yenan Literature and Art Forum, and these words had already become an undoubted conclusion. For a person to be courageous enough to negate Chairman Mao's argument, he must have "this kind of courage," as well as the spirit of "being loyal to science and history," as Comrade Qiaomu said himself.

The above-mentioned events are several I personally experienced, and they illustrate that regarding emancipation of the mind, reform, and opening, Comrade Qiaomu was very brave and always took the lead.

Meanwhile, I also felt deeply that Comrade Qiaomu could bravely uphold the four cardinal principles. After the "Gang of Four" was crushed, several times when erroneous rightist trends of thought began to spread, Comrade Qiaomu came out boldly, grasped the vital parts of these trends of thought, and profoundly and forcefully refuted them in terms of theory and thinking. That was the reason he was falsely vilified as the conservative "leftist king."

For example, after the Third Plenary Session of the 11th CPC Central Committee, the CPC Central Committee convened a theory meeting to discuss principles and ideological guidelines, and at the meeting Comrade Qiaomu played a role in facilitating a speech by Comrade Deng Xiaoping on "upholding the four cardinal principles," a speech of great historic significance. In 1981, when an erroneous trend of thought, represented by "Bitter Love" and "Sun and Man," began to take shape, Comrade Qiaomu made a speech on "several problems on the current ideological front." Standing on the news front, Comrade Qiaomu forcefully refuted the erroneous view-point that "the people's spirit is higher than the party spirit." These prompt and convincing speeches by Comrade Qiaomu taught me many things and played a great guiding function in my work.

The passing away of Comrade Qiaomu was a loss to our country and our party; in particular, it was a loss to the ideological and theoretical front; and for me as an individual, I lost a good teacher.

After Comrade Qiaomu became ill, I wanted to visit him. But precisely at that time I had to attend to something out of town, and I thought it would not be a problem if I visited him after returning from the trip. I did not expect that the day before I returned I would hear the news that he had passed away, and it would be too late to repent. Not being able to see Comrade Qiaomu once more when he was alive is something in my life I regret!

Foreign Ministry on Human Rights Situation

OW2701102695 Beijing XINHUA in English 1015 GMT 27 Jan 95

[FBIS Transcribed Text] Beijing, January 27 (XINHUA)—A spokesman for the Chinese Foreign Ministry said here today that how to evaluate the human rights situation in China is something on which the Chinese people alone have the last say.

The spokesman, Shen Guofang, made the remarks when he was asked to comment on a report relating to China's human rights situation.

According to the report, US Assistant Secretary of State for Human Rights John Shattuck had alleged that the human rights situation in China had been deteriorating.

Shen said that the Chinese government always cares for and commits itself to the promotion and protection of human rights and the fundamental freedoms of the Chinese people.

All Chinese citizens—irrespective of their sex, family background, ethnic identity, social status, property status and religious belief—enjoy full democracy and freedom, the civil political rights provided for by the Constitution and other laws, as well as extensive economic, social and cultural rights, Shen said.

He added that all foreigners who engage in legal activities in China also enjoy China's legal protection.

"The enormous progress made by the Chinese government in promoting and protecting human rights has not only been well received by all the Chinese people, but also highly acclaimed by the international community," the spokesman noted.

"How to evaluate the human rights situation in China is something on which the Chinese people alone have the last say. The irresponsible comments made by Mr. Shattuck, US assistant secretary of state, on the human rights situation in China and his remarks that did not square with facts can do nothing but reveal his political prejudice," Shen commented.

AFP Carries Reports on Situation in Prisons

Official Denies Wei Jingsheng Held

HK2701085395 Hong Kong AFP in English 0838 GMT
27 Jan 95

[FBIS Transcribed Text] Beijing, Jan 27 (AFP)—The Chinese justice ministry on Friday denied that Wei Jingsheng, the country's most famous dissident who disappeared on April 1 last year, was in prison under its jurisdiction.

A leading prison affairs official at the justice ministry told journalists he did not know where Wei was.

The official, who asked not to be named, said Wei was freed on parole in September 1993 from Tangshan prison and placed under the jurisdiction of the ministry of public security. "But I can assure you that he is not currently in our prisons."

The public security ministry have their own detention establishments however.

Wei, 44, who spent 14 and a half years in prison, was arrested April 1 on a highway on the edge of Beijing. His family has not heard from him since.

All the authorities have said is that Wei is accused of having "violated the rules governing his parole" and "committed new crimes."

The official also described as "pure invention" allegations by another dissident Liu Gang, who is held in Lingyang prison, north-east China, that he had been tortured.

"He (Liu) said he had a broken arm and various illnesses," said the official. "But he is a man of 1.60 metres (5ft 4ins), weighing more than 80 kilos (176 lbs) who admits he should lose weight. How could he be like this if he has been tortured or suffered illnesses."

Liu, 34, was jailed for six years for his pro-democracy activities in early 1989.

"He will be free next July and you will be able to judge for yourselves his condition," said the official.

"The prison authorities in Liaoning province and the justice ministry investigated Liu Gang's accusations, as they do for every prisoner who lodges a complaint," said the official. "We questioned warders and Liu's cell mates, but we found no proof of his allegations," he said.

The authorities would not let Liu meet five U.S. journalists who visited Lingyuan prison in March 1994. But the journalists did see him for a few minutes on a monitoring screen.

2,678 'Counterrevolutionaries' Held

HK2701103395 Hong Kong AFP in English 1003 GMT
27 Jan 95

[FBIS Transcribed Text] Beijing, Jan 27 (AFP)—China had a total of 690 prisons at the end of last year, with

1,285,000 people being held behind bars, including 2,678 "counterrevolutionaries," an official at the ministry of justice said Friday.

Among the prisoners are 27,000 women and about 10,000 minors under the age of 18, said the leading official in charge of prison affairs, who preferred to remain anonymous.

In Tibet, where Chinese sovereignty is rejected by a portion of the population, 1,000 people, 800 of whom are Tibetans, are being held in the three prisons in the semi-autonomous region with two million residents.

Among these prisoners, 200 were found guilty of "counterrevolutionary crimes," the official said.

This designation targets acts of "subversion and sabotage against public order," for example, espionage activities and "the formation of armed groups," he added.

In 1989, when the Tiananmen Square protests occurred, about 5,000 people were found guilty of "counterrevolutionary crimes," the official said, but "this number has decreased from year to year."

He also said that "less than 200,000" people were detained in "re-education through labor camps," under the authority of the public security ministry.

The sentences, determined by police without a trial, are from one to three years, and four years for "bad behavior," the official said.

Beijing Not To Open Prisons to ICRC

HK2701123895 Hong Kong AFP in English 1058 GMT
27 Jan 95

[FBIS Transcribed Excerpt] Beijing, Jan 27 (AFP)—China had a total of 690 prisons at the end of last year, with 1,285,000 people being held behind bars, including 2,678 "counterrevolutionaries," an official at the ministry of justice said Friday.

The official added that China was not yet ready to open its prisons to visits by the International Committee of the Red Cross (ICRC), but wanted to continue talks with the organisation to reach an agreement based on respect for China's sovereignty and ICRC policy. [passage omitted]

Two rounds of talks on the issue of visits to political prisons were held here with the ICRC in January and April last year, without achieving agreement.

The official told reporters that China had "no refugees, prisoners of war, or political prisoners" to show to the ICRC.

"We had suggested to the ICRC that they visit some counterrevolutionary prisoners in Beijing Prison Number 2, but the offer was turned down on a matter of principle," he said.

ICRC policy is to gain access to all prisoners held under a certain category rather than a select few, to visit them in private and to be able to make more than one visit.

"This is difficult to organize in China," the official said. "The ICRC wants to use its own interpreters, but we have many ethnic minorities with different languages and accents."

An ICRC official contacted by telephone said this had been the organization's policy for the last 70 years during which it had visited prisoners "with far more exotic accents than in China."

The ICRC has the experience and professionalism to tackle these technical problems," he added.

Leaders' Role in Anticorruption Drive Stressed

OW2701050395 Beijing XINHUA Domestic Service in Chinese 1423 GMT 22 Jan 95

[Article by XINHUA reporter Hu Qinghai (5170 3237 3189): "'Leaders Should Be The Promoter As Well As Target' of the Anticorruption Drive (fan fu bai yao 'ling dao zhua zhua ling dao' 0646 5201 2408 6008 7325 1418 2119 2119 7325 1418)"]

[FBIS Translated Text] Beijing, 22 Jan (XINHUA)—Will this year's anticorruption struggle go deeper and be more fruitful? Comrades attending the Fifth Plenary Session of the Central Discipline Inspection Commission believe this question is closely related to whether or not party and government leaders at all levels earnestly implement the policy of "grasping two links at the same time, attaching equal importance to both"; and whether or not they perform their duties honestly and exercise self-discipline.

According to the participants, the struggle against corruption developed in a healthy way and with a strong momentum in 1994; at the same time, there also existed the problems of a lack of strong effort and notable results in some localities and departments. These problems were often closely related to the lack of correct understanding of the anticorruption struggle among leading cadres of the party and government in the localities and departments. These comrades lacked a correct understanding of the fact that combating corruption is a matter of importance to the party's survival [sheng si cun wang 3932 2984 1317 0072] and the success of reform, opening up, and economic construction; and they lacked a correct understanding of the great significance of handling the relationship between combating corruption and reform, development, and stability. They placed the anticorruption drive in direct opposition to economic construction. They even believed they would end up in an unfavorable position if they combated corruption, saying: "Concentrating on the economy leads to fast promotion while promoting clean government causes too many frustrations." They took a passive attitude, believing "it would not do to combat corruption, but neither would it do to combat corruption in a genuine or

major way." Because of this, they were unable to firmly implement the policy of "grasping two links at the same time, attaching equal importance to both." The participants believe that raising the awareness of the importance and urgency of the anticorruption drive among leading cadres and developing a situation in which party and government leaders jointly combat corruption is key to an in-depth, successful struggle against corruption.

Party and government leaders should personally attend to the struggle against corruption in order to deepen it. However, to be able to attend to the struggle with self-confidence, leading cadres must be strict with themselves and withstand the test. Since the second half of 1994, Heilongjiang has launched a special province-wide drive to straighten out issues concerning leading party and government cadres' housing, and this has effectively curbed the unhealthy practice of using one's power to obtain housing for oneself or one's friends and relatives. An important experience they gained was for leaders to take the lead and rectify the malpractice beginning from the top. Speaking of what he had learned from "housing rectification," Li Qinglin, secretary of the provincial discipline inspection commission, said: The key is for leaders to set an example. The problem is easy to resolve once leaders set an example. According to Xia Meisheng, secretary of the discipline inspection commission of Wuhan Turbo Generator Plant, his plant suffered a loss of 243,000 yuan in 1980. He attributed this to the problem of abusing power for personal gain by certain members of the plant's past leading body, which demoralized the workers and slackened discipline. At the end of 1981, Comrade Yu Zhian assumed the leadership post. He was strict with himself and performed official duties honestly. This moved other members of the leading body to promote clean government and regained the workers' trust. As a result, the plant was able to stop losses in a single year. Comrade Yu Zhian developed a formula to describe the interaction between a leader's power and its effects: $10 - 1 = 0$, which says: A leader will become divorced from the masses, his leadership will lose its effectiveness, and his policy decisions will fall through if he uses even one tenth of his power to seek personal gain.

Hu Fuguo, secretary of the Shanxi provincial party committee who attaches great importance to the work of combating corruption, made the following remarks: "It is unavoidable to encounter obstacles in combating corruption. However, we must firmly remove them and let the masses of people realize that the communists are unyielding." These are inspiring words.

Shanghai Trains Cadres for Central Work

HK2601141795 Hong Kong MING PAO in Chinese 17 Jan 95 p A2

[Report by special correspondent Li Ya-chih (2621 7161 0037): "Shanghai Steps Up Efforts To Train High-Ranking Officials"]

[FBIS Translated Text] As disclosed by a source in Shanghai, in order to provide various central departments and other localities throughout the country with cadres, the Organization Department of the Shanghai Municipal CPC Committee is making the best use of its time to carry out a talent-training project in light of the deployment made by Jiang Zemin, Wu Bangguo, and others. Under this project, a group of young officials around the age of 40, including a vice mayor, now are receiving "intensified education" in foreign languages in such famous schools as Fudan University, Jiaotong University, and so on, and will be sent to receive further education and training in the United States within the year.

Although there have been widespread comments on the reappearance of the "Shanghai faction" in Zhongnanhai since the Fourth Plenary Session of the 14th CPC Central Committee, at which the former Shanghai municipal party Secretary Wu Bangguo was admitted to the central core leadership, Shanghai still should be "responsible for" providing cadres to various departments and committees of the party Central Committee, ministries and commissions of the State Council, and overseas organizations at Beijing's request.

In accordance with this strategic idea and with Wu Bangguo's suggestion, the Organization Department of the Shanghai Municipal CPC Committee has worked out a talent-training project to this effect: Within this century, Shanghai will fulfill the task of training 100 leading party and government officials at and above the department and bureau chief levels, 1,000 senior economic and trade management personnel, and 10,000 senior experts in various trades and professions. At present, the project has been activated, and organization departments at all levels have been called on to take the project as a "matter of primary importance," to seriously put the project into practice, and to set up a relevant personnel database.

Jiang Zemin and Wu Bangguo Make Deployment To Train 100 Senior Officials in Five Years

This training work will be undertaken by Fudan University and Shanghai's Jiaotong University, both of which are education bases at the national level, and the proposal soon will go through examination and approval procedures. At present, a senior training class composed of more than 100 students, who have been released from their regular work, is receiving intensified training at Fudan University. They have been slated as reserve cadres at the bureau chief level, and have passed examinations in foreign languages and specialized subjects prior to their current training. They will retain their original positions during this training. The training class started last fall, and will end in May this year. After that, the students will be sent to receive short-term training in the United States in the fall. According to a source, after they finish the training course, they will be sent to replenish the management of overseas Chinese-funded enterprises, transnational groups, and domestic large state-owned enterprises.

The source also reveals that it has been arranged for Meng Jianzhu, the youngest vice mayor in Shanghai, to receive education and training in the United States. At present, he still takes charge of his official duties during the day, and goes to Jiaotong University with his wife at night to receive individual language instruction from an American teacher. They will leave for the United States before the end of this year. Meng, 46, was formerly chief of the Farm Bureau and deputy director of the Agricultural Commission of Shanghai Municipality. Now he is vice mayor responsible for rural economic and trade work. Given his short political career, he enjoys a good reputation in various quarters. Another local bigwig who is receiving special training at Fudan University is Zhou Yupeng, deputy secretary general of the Shanghai Municipal CPC Committee. He was promoted to this post from that of Luwan District party secretary three years ago, but quietly left the political arena last year. According to an analysis, the current position of both Meng and Zhou is higher than that of a bureau chief or department head, so the training to enhance their academic credentials does not seem to have any connection with the abovementioned project. Their future work assignments will be determined by the Central Organization Department. A rumor says that Zhou Yupeng soon will take up the post as director of the XINHUA NEWS AGENCY's Hong Kong Branch.

Recently, there have been comparatively frequent changes in Shanghai within the ranks of officials at the department and bureau chief levels. What has attracted people's attention is the appointment of Wang Zhan, a young professor in Fudan University's Economics Department, to the post of director of the Economic Research Center under the municipal government. He will be a key brain truster of Xu Kuangdi, who soon will take up the post of Shanghai mayor. Meanwhile, Huang Qifan, former deputy director of the Pudong Development Office, was transferred to Beijing to assume the post of deputy head of the Industrial Enterprise Subgroup under the Central Financial and Economic Leading Group. Huang was among the earliest to work in the Pudong Development Office as a young official. There is a rumor that he may take up the post of deputy director of the State Council's Special Economic Zones Office following his transfer to Beijing. His promotion has something to do with Wu Bangguo, as Wu is currently in charge of central industrial economic work. In addition, Wang Shenghong, former director of the Education and Public Health Office, has assumed the post as head of the united front work department under the municipal party committee, and Wu Hanmin, from the Communist Youth League, is his deputy.

Jiang Zemin Told a Small Group of People that Cadres From Shanghai Have Been Appointed With Prudence

Another personnel arrangement was the appointment of Zhu Daren, former chief of the municipal public security bureau, to the post of secretary of the political science and law commission under the municipal party committee. This post, as a rule, is taken up concurrently by a

deputy secretary of the provincial or municipal party committee. The position formerly was held by Wang Liping, who is still a deputy secretary of the municipal party committee. Without specific reasons, it is not necessary to discharge him of this position. There is news spreading that Wang will be transferred to Beijing to assume office as deputy secretary of the Central Commission of Political Science and Law.

When it was widely rumored in Shanghai and abroad two years ago that Wu Bangguo, Chen Zhili (deputy secretary of the Shanghai Municipal CPC Committee), and others would be transferred to Beijing, Jiang Zemin clarified the matter several times within a small group of people, saying: "I am very prudent in using cadres from Shanghai." With Deng Xiaoping and other political elders heaping praises on the achievements of Shanghai in development and management over the last few years, the high-level leadership in Beijing began to follow the human resources issue with interest. Various departments and committees of the party Central Committee, ministries and commissions of the State Council, and overseas organizations have asked the Central Organization Department to provide them with cadres from Shanghai. These institutions include the State Planning Commission, the State Economic and Trade Commission, the Special Economic Zones Office, the People's Bank of China, the Bank of China, the General Administration of Customs, the Central United Front Work Department, the XINHUA NEWS AGENCY's Hong Kong Branch, and so on. In addition, the development of Shanghai itself also requires a large number of senior economic and trade managers very urgently.

Within the next three years, Shanghai will establish 10 large groups with sales volumes exceeding 10 billion yuan each, in accordance with international standards. That is why qualified personnel are badly needed. Although the authorities have encouraged recruiting units to boldly use returned students or to import special personnel from abroad, yet, to ensure that personnel are "politically qualified," they would rather have their eyes on training more people of their own.

CAAC Signs Safety Contracts

HK2601153195 Beijing ZHONGGUO XINWEN SHE in English 1413 GMT 26 Jan 95

[FBIS Transcribed Text] Beijing, January 26 (CNS)—To ensure flight safety, the Civil Aviation Administration of China [CAAC] today signed safety responsibility contracts with its subordinate airlines, airports, aviation colleges and local aviation administrations. Those who successfully attain the target will be awarded, those who register serious flight accident or hijacking instance will be penalized by a fine ranging from RMB [Renminbi] 100,000 to RMB one million and their leaders or legal persons would be held responsible for such accidents.

According to the contract, the aviation safety targets which airlines and airports nationwide should strive for

in 1995 are: no serious flight accident; while guaranteeing safety of aircraft and passengers, air crew should do their best to prevent hijacking instances; rate of flight accident signs should not be more than 1.9 per ten thousand flight hours, and signs of flight accidents caused by artificial reasons should not surpass 40 percent of the total signs; serious flight accidents caused by misconduct on air traffic must be put to an end and rate of danger and other flight accident signs must not be more than 0.05 per ten thousand sorties.

The contract stipulated that heads and legal persons of those units failing to attain the above-mentioned targets would be penalized.

CAAC signed safety responsibility contracts with 36 administrative bureaus and airlines last year. Heads and legal persons of the China International Airline Corporation, the Eastern Airline, the Northern Airline, the Capital International Airport, the Shanghai Hongqiao International Airport and the Guangzhou Baiyun Airport with good flight performance and better flight safety were awarded with prizes ranging from RMB 10,000 to RMB 20,000. The Northwest Airline and the Yunnan Airline which had registered serious flight accidents as well as the Southern Airline which was held responsible for a hijacking incidence were dealt with respectively.

CAAC plans to appropriate a certain sum of money from director funds to set up a foundation for rewarding departments with better flight safety starting from this year, rewarding legal representatives of airlines which attain safety targets and aircraft crew which do their best to prevent serious flight accident and stop hijacking instance.

Beijing To Reduce Production Pollution

HK2701092095 Beijing CHINA DAILY in English 27 Jan 95 p 2

[By Zhu Baoxia: "Centre Set To Reduce Pollution"]

[FBIS Transcribed Text] A National Cleaner Production Centre has been established in Beijing to provide consultation for enterprises and to help the government map out feasible policies.

The State hopes to promote cleaner production across the country through this centre.

It will be involved in carrying out demonstration work in some key pollutant-discharge enterprises starting this year. The experiences will later be shared with other industrial units nationwide.

"Cleaner production" is a new concept that was first put forward by environmental specialists in the United States in the late 1980's.

Cleaner production uses environmental friendly energy, materials, and techniques to produce goods, thereby reducing industrial pollution and raising production efficiency.

"Industrial sectors are duty-bound to contribute to the country's efforts in industrial pollution control through cleaner production," said Wang Yangzu, vice-administrator of the National Environmental Protection Agency (NEPA) at the opening of the cleaner production centre on Wednesday.

The centre is under the leadership of NEPA and affiliated with the China Environmental Science Research Institute.

Apart from providing information and consultation for the governments and enterprises in localities, it will also organize technical training and external exchange.

Data from NEPA has shown that the country's environmental quality has deteriorated in the past several years and more than 70 percent of the pollutants in the country come from industry.

Only five or six of the country's 570 principal cities approach international standards on environmental quality control.

Five of China's major cities—Beijing, Shenyang, Xian, Shanghai, and Guangzhou—are classified among the most polluted cities on earth.

Acid rain affects 29 percent of the country's land area. South and southwestern China is one of the world's three biggest acid-rain-affected regions.

Most rivers, especially sections passing through cities, are seriously contaminated.

Frequent accidents resulting in water pollution have endangered public health and caused heavy economic losses last year.

Wang said that the country started a trial practice of cleaner production in the early '90s.

Pilot programmes have been carried out in 18 enterprises with support from the World Bank and the United Nations Environment Programme since 1993.

Compulsory Quality Assurance System Effective 1 Jul

HK2601144395 Beijing ZHONGGUO XINWEN SHE
in English 1324 GMT 26 Jan 95

[FBIS Transcribed Text] Beijing, January 26 (CNS)—Recently, the National Tourism Administration had issued an order that the "Provisional Regulations on Quality Assurance Retention Money Paid by Travel Agencies" and "Details for Implementation of the Provisional Regulations on Quality Assurance Retention Money Paid by Travel Agencies" would become effective from July 1, 1995.

For many years since the open-door and reform policy was adopted, China's tourist industry has been growing in a sustained and rapid way. The quality of service provided by travel agencies in the country has aroused

great concern of people both within and outside the tourist industry. To prevent problems such as poor services or financial difficulties or deliberate evasion from compensation to the clients, the Administration has launched this travel agency retention money system with an approval of the State Council.

The quality assurance retention money system is designed for protecting the legal rights of travelers. The retention money is contributed and owned by individual travel agencies while administered by relevant government tourist departments. According to relevant regulations, those agencies engaging both in promotion and reception of overseas travelers (including Sino-foreign jointly-funded agencies) will be asked to contribute 600,000 yuan; those only in reception of overseas travelers, 300,000 yuan; those engaging in local tourist business, 100,000 yuan and those with a special authority to offer services to domestic people traveling overseas, one million yuan. All existing travel agencies and tour operators are required to pay the retention money within one year from now and future agencies will have to pay the deposit before they are approved to operate.

To ensure proper functioning of the new quality assurance retention money system, the Administration has asked all tourist departments in the country to set up a tourist quality control office to handle complaints and compensation cases lodged by the clients.

The Administration has indicated that in the following circumstances, consumers shall have a right to complain to the government tourist departments against travel agencies or tour operators who fail, due to financial reason, or evade to compensate them and their complaints will be handled in accordance with the standard procedures. The four criteria are:

1. consumers' financial or right loss as a result of poor quality of service which is not up to the required standard as stipulated in the agreement (between the travel agency and the client) or caused by mistakes made by the travel agency side;
2. consumers' financial or right loss due to poor quality of service below the standard laid down by the State or tourist departments;
3. financial loss suffered by travelers in case of bankruptcy of travel agencies;
4. any other circumstances confirmed by the Administration.

***Article Views Television Shows for Overseas Chinese**

95CM0065A Beijing ZHONGGUO JIZHE [THE CHINESE JOURNALIST] in Chinese No 10, 15 Oct 94 pp 21

[Article by Chen Songhua (7115 2646 5478) and Chen Qinsong (7115 2953 2646) of the Shantou Television

Station: "Winning in the Competition: A New Problem For the Outside Reporting of TV Station"]

[FBIS Translated Text] Setting forth and establishing socialist market economic theory is an important component of comrade Deng Xiaoping's theories of building socialism with Chinese characteristics. It is an important breakthrough in Marxist economic theory. With further reform, China must accelerate its steps into the world, and this raises new topics for the gradual rise of overseas TV broadcasting. How to face the tough international competition of TV media, bring to overseas TV audiences information on China's reform and opening, and show the life of our people, our landscapes and famous scenery, folk culture and customs, etc., is a problem of overseas TV reporting that we need to work out both theoretically and practically.

It is reported that by 1995 there will be 900 satellites in the sky over Asia. Obviously, scientifically and technologically advanced countries and areas have already moved ahead of us: The United States has 100 satellite TV channels and Europe has over 70. In light of the global satellite competitive situation abroad, as a big country with a 1.1 billion population, it is essential that China join the club, because "Chinese opinion should take its appropriate seat in the world." In October 1992, CCTV's fourth channel went on the air aimed specifically at meeting this worldwide trend. It is China's first channel aimed at an overseas audience, with Hong Kong, Macao, Taiwan, and overseas Chinese as its primary targets. The broadcasts of this overseas satellite TV channel, covering more than 60 countries and areas, signifies that China has joined international television competition, and is significant as a demarcation of a new era in the internationalization of Chinese television.

The programs of the "China Shantou Special Economic Zone" that are made by the Shantou TV station are carried on this satellite channel, and by the end of 1993, more than 60 special topic programs and nearly 100 news broadcasts had been produced and aired, causing quite a big reaction overseas, especially in overseas Chinese communities.

We feel that broadcasts overseas should be operated with hometown news or news-type special topic programs as the major component in order to provide overseas Chinese with the most up-to-date and timely information about reform and opening in China.

All Chinese living abroad are patriotic Chinese: They follow closely the changes in and the new image of the motherland and their hometowns; this is one factor. A second is that news or news-type special topic programs are the type that has developmental potential in television of the future. It is also the main direction of overseas broadcasting. In this regard, when making programs for overseas, Shantou TV Station has made newsworthiness prominent, creating a news category of "Shantou Information" while associating it with the real situation of the program, selectively offering news that is

of interest to overseas audiences and which has occurred recently. Having such content is an important step in local reform, for information on such things as development of infrastructure construction and foreign investment not only adds information volume to the whole program, but also corrects the shortcoming of ineffectiveness.

The Shantou TV Station also gives insightful reports on current events and new situations which are of widespread concern, carefully gathering and editing special news topics to enable overseas Chinese to understand the key points and coverage of reform and opening in the Special Economic Zone. When Nan'ao County, the sole island county in Guangdong province, was listed as an experimental zone for further opening in the nineties in Guangdong, the Shantou TV station immediately organized correspondents to go to the island to produce a program. They reported on the natural superiority and increasingly improving investment environment of Nan'ao County, and made a special topics program which lasted as long as 15 minutes: Nan'ao Island, a pearl in the South Ocean, which offered a direct view of the whole picture of Nan'ao Island to the overseas audience and provided a reference for foreign investment.

The Shantou TV station also pays attention to letting overseas Chinese gain a new recognition of their hometowns through news-type special programs. For example, "Monument of Education" was aimed at describing the current educational situation in Shantou; "Shantou Port—China's Door" described the investment environment in Shantou; "Shantou's New Step" showed achievements in the work of introducing foreign capital; "Harmonious Evening of Life" reflected the happy lives of Shantou's elderly; "Crossing Time and Space" was a quick picture of Shantou's post and telecommunication construction. News-type special programs of this sort made up 40 percent of the programs broadcast overseas. They are commonly characterized by smaller time slots but with insightful probing, which gives the programs a certain power, with pretty good results. The news of "Changed Mix of Overseas People Crossing the Border Through Shantou Port" reflected the special economic zone's great attraction since the implementation of opening and reform through the changed mix of overseas people crossing the border at Shantou port. This news program received a second class prize at the 1992 Guangdong News Awards.

Advocate national culture, widen areas of overseas broadcast, satisfy overseas Chinese consciousness of tracing their roots from the insight of history.

Documents show that there are as many as 6 million overseas Chinese living around the world whose antecedents are in Caosan. This is one-fifth of the total number of overseas Chinese from China. Their "roots" are in the mainland and in their hometowns.

In this regard, when arranging programs for broadcasts overseas, the Shantou TV station created such programs

as "Caosan Image", "Caosan Food", "Caosan Art" and "Caosan Music", etc., that were related to regular life and tourism and folk culture with rich local color.

Handicrafts and unique products have long been cherished by overseas audiences; as a part of traditional Chinese folk culture, they play a very important role in spreading Chinese culture. Special topics programs such as "Shantou Inside Bottle Painting", "Caosan Sculpture", "Caosan Polished Lacquer Painting" and "Caosan Guzhen", not only make overseas Chinese recall their familiar hometown art, but also provide a direct picture for foreigners to comprehensively understand China by means of TV.

Focusing videowork on people is the new trend in bringing the special character of TV into play. It is also an effective publicity form which avoids the traditional reporting and teaching form. The Shantou station carefully operates its talk programs, showing popular manners of speech, lives, and emotions through various living people, making them convincing and understandable to overseas Chinese. At one time or another, the Shantou TV station has made and aired such talk programs as: "Foreign Investors in Shantou", an introduction to investment here; "This Is the Place for Youth", which showed a young entrepreneur's spirit; "Rural Entrepreneur Commercial Awareness", that reflected the vigorous activities of farmers in the market economy in a new era; "Hope in the Land", that recommended and introduced township entrepreneur operational strategies; and "Passion Among Chinese", that showed the feelings of Taiwanese businessmen who run industries in Shantou. Through these living people, the overseas audience comes to know the special economic zone, China, and Shantou's construction achievements and investment environment. Many programs were sent to air on Chinese TV channels in New York and San Francisco in the United States through the Guangdong TV station, and they generated a great reaction in local Chinese communities.

***Vice Minister Views Functions of TV Journalists**

95CM0065B Beijing ZHONGGUO JIZHE [THE CHINESE JOURNALIST] in Chinese No 10, 15 Oct 94 pp 20, 35

[Article by Tong Xiangrong (0681 0686 2837): "Basic Mission For TV Stations at All Levels"]

[FBIS Translated Text] "Guiding the people through correct public opinion" was one of the four missions set forth by CPC General Secretary Jiang at the National Propaganda and Ideological Working Conference at the beginning of this year.

Looking at the theoretical foundations, the idea of "guiding the people through correct public opinion" is an important breakthrough in existing journalistic theory. Influenced by the hypocrisy of the capitalist class, existing journalism has pedantically informed people

that such phenomena as "dog bites man and dog bites dog" belong to the category of normally occurring phenomena, not news, while only such abnormal phenomena as "man bites dog" can be considered news. In their eyes, phenomena includes whatever has just happened and only the strange and abnormal are news. This kind of thinking has definitely had an influence on the Chinese news media, especially on editors and journalists who have just started in news work. It specifically demonstrates that some editors and journalists do not understand the principle of "taking positive propaganda as the dominant factor", as they have searched for novelty, looking only for shock effect without considering such things social results, etc. Chinese socialist journalism should not hide its own opinions: Guiding the people through correct public opinion is our sacred mission, and what we view as journalism should be fresh, true and valuable facts. Setting forth the idea of "guiding the people by correct public opinion" is aimed not only at the hypocritical nature of the capital class pedantry of existing journalism, but also more importantly reflects the essential needs and internal laws of Chinese socialist journalism, establishing the important missions and principles of the work of Chinese socialist journalism. Therefore, it is an important breakthrough in existing journalistic theory.

Practically speaking, it is also significant in whether we can fulfill our mission of "guiding the people by correct public opinion". If public opinion is guided correctly, then people will be unified in their thinking, the spirit of the people will be vigorous, and development will be promoted; if public opinion is guided erroneously, the outcome will be serious. At present China has entered a new historical period, one that will stress the importance of "guiding the people by correct public opinion". This is urgently needed by the overall circumstances of "seizing opportunities, reforming further, expanding openings, promoting development and maintaining stability"; it is urgently needed to unify people's thinking and strengthen their unity; it is urgently needed to breed a "new people with the four haves"; it is urgently needed to make China a prosperous and booming nation.

How can we guide the people by correct public opinion? I believe we should stress doing a good job in the following aspects:

One is to arm our radio and television workers with Deng Xiaoping's theory. Especially those editors and journalists who are in the first rank of news and public opinion, for without their unified guiding action, shining goals, and spiritual pillars, it will be very difficult to maintain public opinion in the correct direction. I myself believe that resolution of this problem is the most urgent mission for news circles today.

Two is that we must correctly guide radio and television workers in handling the five main relationships. The first of these is the relationship between the Party and the masses. We should always maintain our conscientious

responsibility to the people and the Party. Once these two elements are separated, or even contrasted with each other, it is inevitable that we will make this or that sort of mistake. This relationship is not a problem needing theoretical discussion by journalists; rather, it is defined by our political standpoint and absolutely cannot change. Second is the relationship between multiple roles and fundamental roles. Public media, especially radio and television, have multiple roles (for example, education, entertainment, aesthetics, information services, etc.); however, its most basic function is that of spokesperson for the Party, government, and the people. It is the most powerful modern tool for education and for encouraging the Party, the Army and the people in building the two civilizations. This role cannot be weakened. News media, especially radio and television, must affirm this fundamental and major role at all times. Only with this basic role as a prerequisite can other functions be brought into play correctly. Third is the relationship between objective truth and correct guidance. Socialist journalists bear the important responsibility for correctly guiding public opinion in society. We should not discuss objectivity and truth in an abstract, unanalyzed manner. There exists a dark side and phenomena which are false and ugly; these are all objective, true existences, but we should not report these things every day all over the paper. We are socialist journalists; we should have social responsibility and intuitive social knowledge! Even out of a certain kind of good motivation, we still must associate the news with good social results. Fourth is the relationship between being monitored by public opinion and monitoring public opinion. Bringing public opinion monitoring into play is the duty-bound responsibility of journalists. Doing a good job of public opinion monitoring will be of benefit in advocating the correct and discouraging the wrong. On the other hand, various elements of society are in the meantime monitoring public opinion work. For example, the daily news reports of radio and television, the content of each column, even the direction of journalists' ideology and manner, work style, and professional ethics, etc. are all reasonably monitored by the various elements of society. Only when journalists understand the relationship between monitoring and being monitored can they correctly understand their position in society, be cautious and modest, honest and self-disciplined, handle well various relationships, and continue to improve their own work, serving the people. Fifth is the relationship between economic efficiency and social efficiency. For Chinese radio and television to make money and carry advertising is a new situation which has appeared under the new circumstances of implementing reform and opening, and it is also a new historical mission. However, we have one principle which is most fundamental of all, and that is that social benefit must consistently be the number one principle. When economic benefit conflicts with social benefit, we should persist in the principle of putting social benefit above all without a second thought; we absolutely must not engage in money worship. Generally, handling these five relationships well are at once the

most fundamental demand on journalists and a test for them. Several decades of experience in news circles have repeatedly proven that regardless of whether it be individuals or departments, whenever these main relationships are handled correctly, there will be stability and unity; whenever they are not handled well, then this or that sort of problem will crop up.

Three is that we must strengthen the overall awareness of station heads or chief editors, improving and controlling the level of the art. Guiding the news media lies chiefly in relying on final control by station heads and chief editors. If we have a strong overall awareness, if we appropriately conduct overall control, if our macro-level regulation is suitable, we will play major roles. This cannot be ignored. In order to maximize the functions of station heads and chief editors, higher echelons should adopt the system of holding regular meetings and other methods which will assist station heads and chief editors to know the whole situation as well as control it. This will enable them to plan propaganda work under the overall circumstances, thinking of hot topics, difficult topics, and doubtful topics under the overall circumstances, and coordinate, respond, and regulate under the overall circumstances. Once these controllers realize the overall circumstances, they can control the degree, density, angle, width, depth, height, and transparency of media propaganda and, they can match up to the changing new situation, implementing regulations whether urgent or slow, bright or dark, thick or thin, big or small. All in all, I believe that the overall awareness of station heads and chief editors and their ability to suitably control the level of their art is key to guaranteeing correct guidance of public opinion.

Each of General Secretary Jiang's four missions of propaganda media work has its own emphasis, but they are related and unified. Therefore, satisfactory fulfillment of the mission of "guiding the people by correct public opinion" must also involve fulfillment of the other three missions. If other newspaper columns and radio and television programs other than news programs cannot "arm the people by scientific theory", "sculpture the people to a high spiritual standard", and "encourage people by excellent products", then there will be constant noise and there will be no formation of a joint force of public opinion, let alone successful fulfillment of the mission of "guiding the people by correct public opinion".

Science & Technology

Jiang Zemin Orders Investigation Into Rocket Failure

HK2701110295 Hong Kong MING PAO in Chinese 27 Jan 95 p A2

["Newsletter From Beijing" by special correspondent He Fang (0149 2455): "Jiang Zemin, Liu Huaqing Issue Order for Thorough Investigation Into Satellite Launch Failure"]

[FBIS Translated Text] According to sources in Beijing, after the explosion of the rocket launching the Apstar II satellite, the Xichang Satellite Launch Base in Sichuan; the State Commission of Science, Technology and Industry for National Defense; and the State Aerospace Bureau in Beijing immediately held urgent closed-door meetings to analyze the reasons for the accident and to work out measures for handling the aftermath. After that, Jiang Zemin, general secretary of the CPC Central Committee and chairman of the Central Military Commission [CMC], and Liu Huaqing, vice chairman of the CMC, personally attended to the case and issued orders for a thorough investigation of the accident.

Yesterday morning, the quarters concerned dispatched a large number of engineering troops to the area where the rocket and the satellite crashed, to search for and collect the wreckage fragments in order to find clues for the investigation into the causes.

According to other sources, accidents have occurred rather frequently in China's satellite launching over the past two years, causing and this has caused an "extremely adverse" impact on China's reputation at home and abroad. The top leadership, and some senior retired leaders, have all called for taking disciplinary action against senior officials responsible. Therefore, it is very likely that internal disciplinary action may be taken against General Ding Henggao, current minister of the State Commission of Science, Technology, and Industry for National Defense, and Liu Jiyuan, current director of the State Aerospace Bureau; they may even be dismissed from office.

According to an expert who knew the inside story, the frequent accidents happening in China's satellite launching were mainly related to the effects of the commercialization of the aerospace industry.

The expert explained by citing an example. The explosion of the meteorological satellite Fengyun II caused more than 20 casualties and damage to some plants. After such a serious accident, the launch plans should be adjusted, revised, and suspended for at least six months or even a year (after the explosion of the Challenger space shuttle in January 1986, the United States suspended the space shuttle plan for 32 months and resumed in September 1989). However, because China had received too many satellite launch orders in recent years, and it is said that the orders were arranged up to 1996, it continued to launch communications satellite Dongfanghong III last November before thoroughly investigating and adjusting the operation system and returning to the best condition; the launch was still unsuccessful. After the satellite was lifted into orbit, it was not working and could not be used. This greatly postponed China's plan for transmitting television programs for 30 provinces and regions via satellites.

The State Commission of Science, Technology, and Industry for National Defense has three satellite launch centers in Shanxi's Taiyuan, Gansu's Jiuquan, and

Sichuan's Xichang. The Xichang base has been the most prominent one in recent years, almost all overseas satellites being launched from there. It was also opened to tourists. The base thus had a stronger and stronger commercial flavor. In order to increase income, the base authority even wanted to do advertising business in the live television broadcasts of satellite launching and this idea attracted strong criticism.

Song Jian Addresses Award-Winning Scientists

OW2601124295 Beijing XINHUA Domestic Service in Chinese 1125 GMT 12 Jan 95

[By reporter Zhu Youdi (2612 1635 2769)]

[FBIS Translated Excerpt] Beijing, 12 Jan (XINHUA)—The Ho Leung Ho Lee Foundation's first award meeting was held ceremoniously in the 'Great Hall' of the People this afternoon. Li Peng, member of the CPC Central Committee Political Bureau Standing Committee and premier of the State Council; and Wu Bangguo, Lu Jiaxi, Song Jian, Li Guixian, and Qian Weichang attended. [passage omitted]

Song Jian, state councillor and minister of the State Science and Technology Commission, extended his warm congratulations to 24 prize-winning scientists on behalf of the State Council and the scientific and technological circles. He said: The Chinese nation, a great nation of diligence and wisdom, has left a record of brilliant contributions in the world's science and technology history. In the last four decades and more, its large number of talented people have made particularly remarkable achievements in developing science and technology and promoted modernization for New China. The prize-winning scientists here today are outstanding representatives of China's vast number of scientific and technological workers. With their wisdom, intelligence, and extraordinary efforts, they have made outstanding contributions to scientific prosperity, technological progress, and national rejuvenation and won the respect of the entire society. At the same time, we will not forget that there are also thousands upon thousands of other scientists and technicians quietly working on various fronts for our country's modernization. Their hard work and precious contributions, together with these prize-winners, will go down in the brilliant annals of the motherland's progress.

Song Jian said: It is an important, long-term policy of the party and the government to reward outstanding scientists and technicians to promote the country's scientific and technological development. This is also a common aspiration of all descendants of the Yan and Huang Emperors [the Chinese] at home and abroad. China is a developing country facing both an exceptional opportunity and a rigorous challenge at the turn of the century. Science and technology are the primary productive force, as well as an important motive force for the Chinese nation to achieve a take-off in the world. Under the new situation, China must achieve a new liberation and

major development in science and technology. While striving to catch up with and join the scientific and technological currents of the world, our scientists and technicians should work hard to solve tough and urgent problems for economic construction. The Chinese nation is full of vitality. While the rapidly progressing modernization drive relies on the support of science and technology, it also provides more room for scientific and technological workers to maneuver. The scientific and technological circles should follow the example of the prize-winning experts and scholars here; display a spirit of pioneering, truth seeking, and dedication; seize the opportunity; constantly scale the heights of science and technology; and make even greater contributions to the country's prosperity and the people's happiness. [passage omitted]

Military & Public Security

Ren Jianxin Addresses Public Security Plenum

OW2601234795 Beijing XINHUA Domestic Service in Chinese 0951 GMT 20 Jan 95

[By RENMIN RIBAO reporter Su Ning (5685 1337) and XINHUA reporter Zou Aiguo (6760 1947 0948)]

[FBIS Translated Text] Beijing, 20 Jan (XINHUA)—The Central Committee for Comprehensive Management of Public Security [CCCMPS] today held a plenary session at the Great Hall of the People. The session stressed that 1995 is an extremely important year for deepening reform and building a socialist market economic system. It said: Party committees, governments, and committees for comprehensive management of public security at all levels should unify their thinking; take the overall situation into consideration; step up coordination; work in a down-to-earth manner; further strengthen comprehensive management of public security; more effectively mobilize and organize the efforts of all sectors; ensure the implementation of all decided measures; and do their utmost to prevent and reduce law-breaking incidents, crime, and public security disasters, in order to make greater contributions to accomplishing the general tasks of the party and country.

The plenary session was presided over by Ren Jianxin, member of the CPC Central Committee Secretariat, secretary of the Central Commission on Politics and Law, and chairman of the CCCMPS. At the session, CCCMPS Vice Chairman Zhang Siqing relayed the important instructions concerning comprehensive management of public security work contained in Comrades Jiang Zemin's and Li Peng's speeches at the national meeting on public security, procuratorial, and judicial work. Chen Jiping, deputy secretary general of the Central Commission on Politics and Law and director of the CCCMPS General Office, briefed the session on comprehensive management of public security in 1994 and outlined this year's work. Comrades attending the session had animated discussions on how to strengthen comprehensive management of public security.

In his speech, Ren Jianxin said: Under the direct leadership of the party Central Committee and State Council, good results were achieved in tackling public security problems in a comprehensive way in 1994, providing necessary assurances for the country's reform, opening up, and economic development. On behalf of the party Central Committee and State Council, Ren Jianxin expressed his heartfelt thanks to comrades who had worked diligently to improve public security.

Ren Jianxin urged everyone to comprehend in depth the spirit of Comrades Jiang Zemin's and Li Peng's instructions, and to continue to step up their efforts to tackle public security problems in a comprehensive manner. He said: In relaying and carrying out Comrades Jiang Zemin's and Li Peng's instructions, we should grasp three points. First, we should realize that ensuring a good job in comprehensive management of public security is an indispensable requirement for deepening reform and building a socialist market economic system. Work in this regard should be further strengthened and must not be weakened for a moment. We should concentrate our efforts on cracking down on criminal activities, stem the continuous increase in severe criminal cases, prevent social illnesses from spreading, quickly improve poor public security situations in some localities, and ensure that public security situations in these localities remain stable. Second, major party and government leading comrades at all levels should strictly practice the objective management and leadership responsibility system in tackling public security problems in a comprehensive manner, and truly assume their political responsibility of ensuring local public security. Those who are irresponsible or who ignore their duties should be investigated to see if they have violated party or administrative discipline or if they should assume criminal responsibility. Third, all concerned departments and authorities should actively take part in tackling public security problems in a comprehensive manner. They should properly mobilize and organize the masses so that efforts can be pooled to deal with the problems.

Ren Jianxin said: This is the last year for carrying out the first five-year program on comprehensive management of public security. The focus of this year's work is to faithfully carry out the five-year program, and the most crucial part is to improve grass-roots and infrastructural facilities for comprehensive management of public security—this is the precondition for all work measures to be truly carried out. Party committees and governments at all levels and all departments concerned should earnestly carry out the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee, and, while building up grass-roots party organizations, should forcefully improve grass-roots and infrastructural facilities for comprehensive management of public security.

Ren Jianxin stressed: The Spring Festival is around the corner. Ensuring that people across the country will enjoy a stable and peaceful festival is not only the duty of departments concerned, but is also an important political task of party committees and governments at all

levels. I hope all concerned departments will closely cooperate with each other and ensure that all work measures are properly carried out. In particular, they should ensure the safety of traffic, transportation, and large-scale activities; and take measures to prevent fires and other accidents at public spots and prevent injuries among crowds of people. They should resolutely take measures to severely crack down on all kinds of crimes that directly jeopardize the masses' lives and property, improve and maintain social order, and eliminate hidden causes of all kinds of public security disasters. We should seriously draw a lesson from the pain of the extraordinary fire accidents in Fuxin, Jilin, and Karamay. We should repeatedly and solidly inspect all facilities and do work meticulously and with extreme care. All measures must be faithfully carried out and individual responsibility must be clearly and specifically defined; we will not allow similar accidents to take place again.

The session decided that the CCCMPS will ensure that work in the following seven areas will be properly carried out this year: The leadership responsibility system for comprehensive management of public security will continue to be implemented; work on severely cracking down on crimes will be further deepened; work on improving rural public security will be carried out in depth, and inspections of how related work has been carried out should be conducted in a serious manner; building of grass-roots and infrastructural facilities for comprehensive management of public security will be effectively stepped up, social management work will be tightened, preventive measures will be adopted, and special efforts will be made to tighten control over floating populations; activities on building model public security areas and units will be launched; propaganda and theoretical study of comprehensive management of public security will be stepped up; and the functions and role of work organs for comprehensive management of public security will be further brought into play.

Yu Yongbo Discusses Army's Anticorruption Efforts

OW2701015195 Beijing XINHUA Domestic Service in Chinese 1009 GMT 24 Jan 95

[By reporter Luo Yuwen (5012 3768 2429)]

[FBIS Translated Text] Beijing, 24 Jan (XINHUA)—During an all-army discipline-inspection work conference on 23 January, Yu Yongbo, member of the Central Military Commission and director of the People's Liberation Army's General Political Department, emphasized: This year, the military should intensify its efforts to improve party conduct and promote clean administration with tangible results. It should strengthen leadership and implement a responsibility system under which party committees assume overall responsibility for improving party conduct and promoting clean administration in their units, and persons in charge of this job in

organizations and departments are held accountable. It should show stronger determination in combating corruption and promoting honesty.

Yu Yongbo said: Comrade Jiang Zemin's important speech at the Fifth Plenary Session of the Central Discipline Inspection Commission expounded in depth the paramount importance of strengthening the party ideologically and politically; and of improving the quality of cadres with party membership and that of party members under the conditions of reform and opening up. He also set clear demands for further improving party conduct and promoting clean administration. We should earnestly study and implement Comrade Jiang Zemin's important speech and the guidelines of the Fifth Plenary Session of the Central Discipline Inspection Commission to raise ideological and political standards, improve party conduct, and promote clean administration in the military.

Yu Yongbo said: Last year, all military branches worked with considerable vigor to improve party conduct and promote clean administration, scoring fairly remarkable success in this respect. Party committees and discipline inspection commissions at all levels resolutely implemented the directives of the CPC Central Committee and Central Military Commission, devoting fairly vigorous efforts to organizing, leading, supervising, and inspecting the implementation of those directives. Leading cadres and leading organs demonstrated a growing sense of honesty and self-discipline, with the consequence that the glaring problems of abusing power for personal gain, trading power for money, and practicing fraud were brought under control to a certain extent. Breakthroughs were made in investigating and dealing with a number of cases involving law and discipline breaches, especially some major and important cases, and the people who perpetrated those breaches were dealt due punishment. The system for combating corruption and promoting honesty, which was strengthened further, played an excellent role in preventing and remedying unhealthy practices that had provoked strong public condemnation, and in plugging various loopholes. It should be noted, however, that the effort to combat corruption and promote honesty still falls considerably short of the party Central Committee's requirements and public expectations, and the tasks in this respect are extremely arduous. We must show greater determination in paying close attention to combating corruption and promoting honesty.

Yu Yongbo said: This is the first year for carrying out the new great undertaking of strengthening party building. The new situation arising from the vigorous party-wide drive toward strengthening party building has set very high standards and demands regarding the effort to improve party conduct and clean administration, while, at the same time, creating a good environment and favorable conditions for the effort. In keeping with the situation, we must assume a new attitude, set even higher

standards, and unflaggingly and effectively improve party conduct and promote clean administration in the military.

Yu Yongbo pointed out emphatically: To combat corruption and promote honesty, we should get at the root of the problem and lay a solid ideological foundation for resisting corruption and guarding against degeneration. We should place ideological and political construction above other aspects of army building, and conduct a general, thoroughgoing education in the military on dedicating oneself to patriotic causes, fostering a revolutionary outlook on life, respecting cadres and cherishing soldiers, and waging arduous struggles. In conducting education on party conduct and discipline, we should also proceed in this spirit, stress the aforementioned aspects of education, and resolve the fundamental question concerning the need for cadres with party membership to have firm communist ideals and convictions, and to adhere to the goal of serving the people wholeheartedly. Leading cadres at all levels should heighten their sense of self-discipline and set an example for their troops. Organizations at all levels, especially those at high levels, must pay attention to improving party conduct and promoting clean administration internally. Moreover, we should pay attention to solving problems at the grass-roots level, and further remedy unhealthy practices at the grass-roots level.

Yu Yongbo urged party committees and discipline inspection commissions at all levels, as well as comrades from discipline inspection departments to implement various rules and regulations for combating corruption and promoting honesty, take a clear-cut stand on punishing corrupt elements, make genuine efforts to enforce laws and discipline strictly, investigate law and discipline breaches in earnest, and make new contributions to improving party conduct and promoting clean administration in the military in accordance with strict demands.

XINHUA on Antismuggling Achievements of Border Units

OW2701043495 Beijing XINHUA Domestic Service in Chinese 0342 GMT 20 Jan 95

[By reporter Gai Jindong (5556 6855 2639) and correspondent Li Daijun (2621 0108 6511)]

[FBIS Translated Text] Beijing, 20 Jan (XINHUA)—The public security frontier guard units in China's border and coastal regions, displaying a spirit of heroic tenacity and no fear of sacrifice, are dealing a severe blow to the crime of smuggling. In 1994 they cracked 690 smuggling cases, of which 154 were major cases each involving goods worth more than 1 million yuan. The discovered smuggled goods, with a total worth of more than 1 billion yuan, included 856 automobiles, 988 motorcycles, more than 300,000 cases of cigarettes, some 50 million yuan of counterfeit bills, and a large amount of food, wine, and electric appliances.

According to the Frontier Guard Bureau of the Ministry of Public Security, although a severe blow has been dealt to the crime of smuggling in coastal regions in recent years, the smugglers have constantly changed their means of smuggling, making the smuggling activities even more rampant.

In light of rampant smuggling in some coastal regions of our country, the public security frontier guard units reorganized their coastal antismuggling force and adopted such effective measures as "catching smugglers at sea, blocking them along the coasts, and investigating them on land." They also waged a timely, special struggle against "three-no" steel-hulled ships (ships without name, ship's papers, or port of registry). In 1994, they caught 75 "three-no" steel-hulled ships and eight high-speed smuggling boats. On 18 March 1994, the officers and men of patrol boat Gong Bian 186 under the Youwei Frontier Guard Precinct of the Guangdong Provincial Frontier Guard Corps, after patrolling at sea for more than 10 hours, captured a steel-hulled smuggling ship with 3,213 cases of smuggled cigarettes on board, worth some 7 million yuan. In the first half of 1994 alone, the frontier guard corps in Guangdong and Fujian Provinces cracked two major counterfeit smuggling cases, one involving more than 18 million counterfeit yuan and the other involving some 6 million counterfeit yuan. While strengthening cooperation in combating smuggling, the public security frontier guard units of various provinces, municipalities, and autonomous regions actively make contacts with the police of relevant countries and regions and strengthen international cooperation. At present, our public security frontier guard department has established cooperative relations with counterparts in Japan, Korea, Mongolia, Russia, Kazakhstan, Kyrgyzstan and Burma in jointly combating the crime of smuggling.

Paper Warns of Army Instability, Discontent

HK2701092395 Hong Kong LIEN HO PAO in Chinese 25 Jan 95 p 1

["Special article" by staff reporter: "Leading Body's Refusal To Conduct Reform Gives Rise to Instability Within Armed Forces; Jiang Zemin Is Unable To Do As Much As He Wants to in Grasping Military Power"]

[FBIS Translated Text] People are very concerned about the moves of Chinese troops in the post-Deng period because the stability of the political situation and the evolution of the power structure are all closely related to the Armed Forces.

It is precisely for this reason that Jiang Zemin devotes the greatest energy to reorganizing the troops. The year 1994 saw the most extensive replacement and transfer of high-ranking military officers since he took over as chairman of the Central Military Commission [CMC].

In mid-December last year, the CMC held an exceptionally long 10-day enlarged meeting. The greatest achievement of the meeting was the adoption of the "Decision

on Implementing the Spirit of the Fourth Plenary Session of the 14th CPC Central Committee and Further Strengthening Party Building." All military regions and all arms and services are currently organizing its implementation.

The decision lays down the general requirements for the People's Liberation Army (PLA) at present and for some time to come, regarding upholding the party's absolute leadership over the Army as a primary task.

The decision clearly states: "It is necessary to safeguard the authority of the party Central Committee with Comrade Jiang Zemin as the core, ensure the party's absolute leadership over the Army, and ensure the unimpeded implementation of government decrees and military orders."

The background to this decision is the shaky morale in the Army and the lack of smooth implementation of government decrees and military orders. Faced with the current market economic tide, the officers and soldiers have lost their mental balance and this has given rise to various problems. The CMC concedes that if such a situation should go on, it would lead not only to frequent incidents but also to the loss of combat effectiveness.

Repeated Incidence of Army Desertions

Before the 1 October Chinese National Day last year, a shooting incident at Beijing's Jianguomen shocked China and the rest of the world. It drew international attention and forced high-level military leaders to face up to the many malpractices in military administration.

The shooting incident at Jianguomen was not accidental. There were many similar incidents last year but most of them happened in out-of-the-way places. The problem is the outside world knows nothing about such incidents as dispatching thousands of troops to surround and annihilate army deserters who took weapons with them.

Under the impact of the market economic tide, the Army has lost its mental balance. This is manifested in many ways, one of which is that both officers and soldiers feel they have an uncertain future and want to leave the Army.

China has more than 3 million servicemen and the annual military expenditure is around 50 billion yuan. Following the pay readjustments last year, the incomes of middle- and high-ranking officers came near to, or are higher than, those of local party and government cadres at the same levels. However, despite a substantial pay increase, the monthly incomes of low-ranking officers and soldiers are extremely low compared with those in the society. With inflation standing high as it is, the 20-odd yuan monthly allowance for soldiers is sufficient to buy only two jin of pork or a very simple meal in a restaurant. It is not strange, therefore, that people do not want to join the army and those who have done are anxious to leave.

There have also been extremely great changes in the structure and composition of the Chinese Armed Forces. All the young officers who come from military academies can be regarded as intellectuals but they do not know how to run the Army; all the soldiers have been recruited under the compulsory military service but not many of them are willing to conscientiously serve in the Army. There are also a small number of young rascals who have been sent into the Army by the local governments or their family members to receive training and remolding, so how can they be willing to bear long hardship? With everybody thinking of leaving and unwilling to bear hardship, the Army's morale is not only low but also shaky.

When Deng Xiaoping drastically reduced the size of troops and streamlined military establishments, he called on the Armed Forces to support the overall interests of economic construction by making sacrifices. The Armed Forces have indeed made sacrifices but they have also answered the call of economic reform and opening up. In addition to military regions, the armies, divisions, and regiments of the field armies have set up companies to do business.

Dissatisfaction Spreads All Over the Army

In 1993, Jiang Zemin prohibited Army units below the group army level from doing business and ordered the dismantlement of all companies in the Armed Forces. The result was that those working in large Army units had good incomes and lived a better life because they could do business but life in the grass-roots units was hard. It was absolutely insufficient to depend exclusively on military expenditure. As a result, battalion and company commanders led soldiers to open up wasteland and grow vegetables but this resulted in clashes with local people. Last year, Zhu Rongji demanded that Army units suspend operations in their coal mines and transfer them to local governments. This also made the Army units which relied on coal mining and transportation for extra incomes, unhappy. With the financial resources blocked and substantially less allowances, lots of problems, big and small, come one after another.

Social development and opening up also have an impact on the Armed Forces both materially and spiritually. Finding it hard to bear loneliness, the new generation of soldiers and officers call for a much higher level of spiritual life but this demand cannot be met in most Army units and the previous method of ideological education fails to get the desired results.

Moreover, with more and more high military posts taken up by civilians, the higher levels do not show solicitude for the lower levels as they did during the war years. Some grass-roots officers say: The higher levels do not understand at all what the Army is like, how can they lead the troops well?

Recently, some people petitioned CMC Vice Chairman Liu Huaqing, saying that, in the wake of great changes in

the Army, the old methods are no longer applicable. It is necessary to study new methods and to have reform ideas. However, when the documents on the enlarged CMC meeting were transmitted to the lower levels, the decisions made at the meeting were still the old same stuff, such as "vigorously stepping up education and management of party members," "taking party branches as a crucial link in grass-roots building," respecting cadres and caring for soldiers, and supporting the government and cherishing the people. That is to say, the methods used by Mao Zedong to manage the Red Army many year ago will still be applied. Shaking their heads in disapproval, grass-roots military cadres said there was no hope.

Shaky Army Morale Poses a Crisis in the Post-Deng Period

In the top hierarchy, although Liu Huaqing and Zhang Zhen are old in age but young in mind, they are unable to do as well as they would wish. Jiang Zemin and the people he assigned to manage the Army do not understand Army practice. To keep the Army under control, the only way is to replace personnel. Having made an overhaul over the past two years, they think the country is stable.

They little imagine that it is no good replacing people all the time. The key lies in the structure. If the structure remains unchanged, nothing can be solved.

A young officer said: Given the present social conditions, there is hope only when the Chinese Army personnel are turned into professional and regular troops. His remark may represent the aspiration of the majority of young professional servicemen but it runs counter to Jiang Zemin's statement stressing the party's authority over the Army. In the post-Deng period, the Army's strong political color and the servicemen's imbalanced mentality are like extremely dangerous volcanoes.

Lhasa Reports 1994 Public Protest Attempts

OW2701061395 Lhasa Tibet People's Radio Network in Mandarin 1400 GMT 26 Jan 95

[FBIS Translated Text] According to a report carried by XIZANG RIBAO [date not given], the Tibet Regional Public Security Department and the Lhasa City Public Security Bureau gave a special invitation to the lecture group of the regional party committee to hold a report meeting on the antiseperatist struggle for public security cadres and policemen on the afternoon 24 January to help all public security cadres and policemen to penetratingly understand the protracted, complicated, and arduous nature of the antiseperatist struggle and to protect the people.

The public security cadres and policemen are shouldering the heavy responsible of protecting the safety of the people and ensuring long-term stability in Tibet. Therefore, it is extremely important to raise their understanding and unify their thinking.

Since the beginning of reform and opening up, we have seen economic development and prosperity and people living and working in peace and contentment. This is something disliked by the Dalai clique and the Western hostile forces. They have done their best to instigate troubles and tried to disrupt people's mind by taking advantage of our shortcomings and mistakes in the transition from a planned economy to a market economy during the initial period of establishing a socialist market economic structure and by using the hottest issues related to the people's living, such as the price of commodities. Their goal is to attempt to separate Tibet from the great family of the motherland.

Encouraged by the Western hostile forces, the Dalai clique has not stopped for a moment in its separatist activities.

It was learned from the public security department that reactionary slogans were seen in various places of this region last year. Some lawless monks in Lhasa attempted to stir up troubles, but their activities were stopped promptly by our public security cadres and policemen. We have thus prevented possible troubles.

This year, there were signs of trouble at temples in Maizhokunggar County and Shannan's Gonggar County and on the square of Lhasa's Jokhang Temple. Some people posted signed reactionary slogans and openly distributed reactionary leaflets. They were swollen with arrogance. Some separatist forces have even threatened that they will carry out a series of sabotage activities by taking advantage of the occasion of the celebration of the 30th anniversary of the founding of the autonomous region.

All those phenomena have told us that the situation of the antiseperatist struggle is very serious.

After the report meeting, reporters interviewed some public security cadres and policemen. Those public security cadres and policemen expressed the view that they would rather believe the possibility of trouble than disbelieve it, and said they are determined and confident to ensure absolute safety during the celebration of the 30th founding anniversary of the autonomous region and make contributions to maintaining stability in Tibet.

Meanwhile, public security departments have also reminded the masses of people to heighten vigilance, guard against being used by separatist forces, and be ready to fight against separatism at all times and all places.

Naval Officer Calls For Building Nuclear Flattop

OW2701084495 Tokyo KYODO in English 0718 GMT 27 Jan 95

[FBIS Transcribed Text] Beijing, Jan. 27 KYODO—A Chinese naval officer has called for quickly building a

nuclear aircraft carrier as a symbol of China's national strength and increasing economic wealth, a leading naval magazine recently reported.

In an article appearing in the January edition of the "MODERN SHIPS" [XIAN DAI JIAN CHUAN 3807 0108 5324 5307] magazine, Cao Xuegui, captain of a battleship, further insisted that China needs an aircraft carrier if the disputed Spratly Islands and Taiwan independence movement issues are to be solved.

"If China had an aircraft carrier, Taiwan wouldn't be so arrogant over its independence movement. Besides Taiwan is quickly stepping up construction of its naval and air forces," he said in the article entitled "China's Aircraft Carrier Dream."

China's Navy has long expressed hope for an aircraft carrier to transform its mainly coastal defense forces into a blue water fleet capable of defending territorial claims, but has refused to detail the process of acquisition.

"No matter if it is in terms of the present or the future, it is extremely necessary for China to build an aircraft carrier. China must have an aircraft carrier," Cao said.

"If we want to solve the Spratly Islands question, then we must have a floating 'high seas airport,'" he said, while explaining the large distance between China and the mineral-rich islands in the South China Sea hotly disputed by China, Vietnam, Malaysia, Brunei, Taiwan and the Philippines.

Cao called for a 15,000-ton nuclear aircraft carrier, capable of holding up to 50 aircraft and armed with surface-to-air and surface-to-surface missiles and 100-millimeter and 30-mm cannons.

The magazine's opening editorial further stated, "in light of the high technology of modern naval warfare, without an aircraft carrier you will have no command of the air and needless to say no command of the sea.

"Furthermore, while at the receiving end of the threats of others, you will have nothing to frighten your enemy with."

PLA Paper Shows Picture of 'Super-Long-Barrel-Gun'

HK2701023995

[FBIS Editorial Report] Beijing JIEFANGJUN BAO in Chinese on 23 January 1995 carries in the lower right-hand corner of page 8 a 17-cm by 12-cm photograph under the heading "22 Meters—Super-Long-Barrel Gun" and bearing the following caption: "China succeeds in developing its first super-long-barrel gun, with a barrel 22 meters in length and caliber of 85 mm. This is China's longest experimental gun, with high initial velocity and low acceleration force. Photograph by Guan Xiangyun (7070 4382 0061)."

The photograph shows the gun with the barrel pointing right, the barrel mouth visible, and raised at an angle of approximately 30 degrees. The barrel is fixed on top of a box-like carrier resembling a rail car, and set on pavement next to a pond. In the background are an open field, trees, power lines and poles, and a tower. No article accompanies the photograph.

Armed Police Score Results in Studying Theory

OW2701014295 Beijing XINHUA Domestic Service in Chinese 0506 GMT 21 Jan 95

[By correspondent Zhou Guangting (0719 1639 1656) and reporter Li Xunzhou (2621 6064 5297)]

[FBIS Translated Text] Beijing, 21 Jan (XINHUA)—According to information gathered by these reporters from the enlarged meeting of the Armed Police Force party committee that ended today, leading cadres at or above the regimental level in the Armed Police Force have scored gratifying achievements in studying Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, in applying the theory to their functions, and in improving leadership over their troops toward completing the mission of safeguarding social stability.

In 1994, the Armed Police Force helped deal with over 1,000 contingencies of various descriptions, helped public security organs apprehend 25,000 assorted criminals, and safeguarded several thousand fixed defense installations.

In educating officers and men at the grass-roots level, party committees and political organs at all levels under the Armed Police Force vigorously organized leading cadres at or above the regimental level to study Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. Statistics show that the Armed Police Force held 97 group training classes for leading cadres at or above the regimental level to study the theory. More than 90 percent of leading cadres at or above the regimental level attended those classes.

Safeguarding national security and social stability is a glorious mission entrusted to the Armed Police Force by the party and people. Mindful of this fact, the Armed Police Force party committee organized cadres at or above the regimental level to repeatedly study Deng Xiaoping's articles on maintaining stability. It also held discussions under the theme of "How To Give Full Play to the Armed Police Force's Functions and Roles in Defense of National Security and Social Stability." Through such study classes and discussions, leading cadres at or above the regimental level improved leadership over their troops in completing the mission of safeguarding national security and social stability.

—The ability to understand and judge the situation scientifically. Leaders at the Armed Police Force headquarters and various armed police corps taught officers and men to be aware of danger in times of

peace in accordance with the requirements laid down by General Secretary Jiang for "political soundness, military competence, a fine work style, strict discipline, and adequate logistical support." They guided officers and men in making active preparations for dealing with contingencies. Political organs at all levels earnestly examined and boldly explored the political and ideological aspects of contingency management, and unified the thinking of troops on the need for "taking the lead when fighting on the front lines." Thanks to efforts at strengthening education on their regular functions, missions, and the situation, officers and men heightened their sense of mission and their awareness of danger in times of peace. Thanks to effective command and strong political offensives, the Guangxi and Gansu Armed Police Corps successfully completed the mission of dealing with fights between armed groups. Through their decisive command and quick action, the Hainan Armed Police Force, along with public security departments, arrested and wiped out the Wang Yinghan criminal gang, known as today's "Southern Despots," in one fell swoop. Not one of the five gang members escaped.

—The ability to use reform for the purpose of making active and steady advances in work. The Armed Police Force headquarters and various armed police corps regarded reform as a strong driving force for carrying out their work successfully and for improving troops' combat effectiveness. Military affairs departments intensified training reform as they tried to tailor training programs to reality, actual combat, and the conditions of troops and modernity. Various armed police corps staged contingency-management drills. The Armed Police Force headquarters amended and improved a new set of laws and regulations governing training, and improved the environment and logistical support for training. The Jiangsu, Henan, Gansu, Sichuan, and Xinjiang Armed Police Corps earnestly reformed training in tactics, multiple training in physical strength and skills, training in enemy-capturing skills, and night training, thus charting a new course for training commensurate with the Armed Police Force's distinctive features. Thanks to reform, the quality of training improved significantly.

—The ability to solve the problem of strengthening grass-roots units during the new period. The Armed Police Force headquarters and various armed police corps did a solid job of solving problems they encountered in strengthening grass-roots units. They strengthened the organizational structure of grass-roots detachments by appropriately readjusting the ratios for recruiting party members, by retaining key party members, and by guaranteeing certain in-service slots for party members. Various armed police corps conducted inspections of organizational activities, and selected the party branches of 191 detachments for assistance. More than 800 advanced party branches and over 5,100 outstanding party members emerged in the Armed Police Force, as did a large number of

advanced collectives, including the Shanghai Armed Police Corps' "model detachment in emulating the Good 8th Company on Nanjing Road" and the Jilin Armed Police Corps' "model detachment in promoting the People's Army's fine traditions."

PLA Foreign Trade Increases 25 Percent in 1994

OW2701044895 Shanghai JIEFANG RIBAO in Chinese 7 Jan 95 p 1

[By Xu Qizhong (1776 3825 1813) and Ding Chengren (0002 2052 0088)]

[FBIS Translated Text] We learned the following good news from the All-Army Economic and Trade Work Conference which opened on 5 January in Shanghai's Yanan Hotel: All-army foreign trade work enjoyed stable and healthy development. Last year, its total export value increased 25 percent from the previous year, thus making a great contribution to supporting state construction and raising troops' combat strength. Xiao Bing, director of the Economic and Trade Department under the PLA General Logistics Department, delivered a report at the meeting.

Also attending and speaking at the meeting were Lieutenant General Wang Tailan, deputy director of the PLA General Logistics Department; and Major General Gao Zengxia, director of the Production Management Department under the PLA General Logistics Department.

Compulsory Drug Rehabilitation Measures

OW2601151095 Beijing XINHUA Domestic Service in Chinese 0801 GMT 18 Jan 95

[Text of "Measures for Compulsory Drug Rehabilitation"]

[FBIS Translated Text] Beijing, 18 Jan (XINHUA)—**Measures for Compulsory Drug Rehabilitation**

Article 1. These measures have been enacted in accordance with the "National People's Congress [NPC] Standing Committee Decision on Banning Illegal Drugs" to educate and help people who are addicted to taking or injecting illegal drugs [hereinafter referred to as drug addicts] to stop using illegal drugs, protect citizens' physical and mental health, and safeguard public security and order.

Article 2. The term compulsory drug rehabilitation used in these measures refers to forced pharmaceutical and psychological treatment as well as legal and moral education given to drug addicts within a prescribed period through administrative measures to help them stop using illegal drugs.

Article 3. Public security organs shall be responsible for compulsory drug rehabilitation work.

Public health and civil affairs departments of people's governments at or above county level shall coordinate with public security organs at the corresponding level to carry out compulsory drug rehabilitation work.

Article 4. In light of the actual compulsory drug rehabilitation needs in their respective administrative districts, provincial, regional, or municipal people's governments shall make unified plans for the establishment of compulsory drug rehabilitation centers [hereinafter referred to as rehabilitation centers]; public security organs of the people's governments at or above county level shall submit specific programs to the people's governments at the corresponding level for approval.

Planning and finance departments of the people's governments at or above county level shall include in their capital construction plans and fiscal budgets capital investment and funds needed to operate rehabilitation centers.

Article 5. Decisions to send drug addicts to rehabilitation centers (these drug addicts are hereinafter referred to as drug rehabilitation personnel) for compulsory drug rehabilitation shall be made by public security organs of county-level people's governments. Notice of compulsory drug rehabilitation decisions shall be given to drug rehabilitation personnel before they enter rehabilitation centers. Drug rehabilitation personnel's family and units and the local police substation in the area of residence shall be notified of the compulsory drug rehabilitation decision within three days of the decision being made.

Article 6. The compulsory drug rehabilitation period is between three and six months, calculated from the date of entry into the rehabilitation centers.

Where drug rehabilitation personnel are not rehabilitated within the compulsory drug rehabilitation period, rehabilitation centers may suggest extending the rehabilitation period and submit the suggestion for approval to the public security organs that originally made the drug rehabilitation decisions. However, the period of uninterrupted compulsory drug rehabilitation shall not exceed one year.

Article 7. Drug rehabilitation personnel refusing to accept compulsory drug rehabilitation decisions or the extension of the compulsory drug rehabilitation period may apply for reconsideration in accordance with the "Administrative Reconsideration Regulations"; drug rehabilitation personnel who refuse to accept the decision of administrative reconsideration may bring a lawsuit to the people's court in accordance with the provisions of the "PRC Administrative Procedural Law." Drug rehabilitation personnel may also bring lawsuit to the people's court directly.

Article 8. Drug rehabilitation personnel entering rehabilitation centers must accept the center's inspection. The center must inspect articles and mail given to drug rehabilitation personnel by people outside the center.

Article 9. Rehabilitation centers shall carry out separate management of drug rehabilitation personnel based on their sex; female drug rehabilitation personnel shall be managed by female work personnel.

Article 10. Rehabilitation center work personnel shall manage drug rehabilitation personnel in accordance with the law; beating, cursing, physically punishing, or insulting drug rehabilitation personnel is strictly prohibited.

Drug rehabilitation personnel must adhere to the rehabilitation center's rules and regulations, obey its management, cooperate in treatment, and accept education.

Article 11. When using pharmaceutical treatment, rehabilitation centers shall establish treatment files; relevant laws and administrative regulations must be followed in the use of nonanesthetic or psychiatric drugs.

Article 12. Rehabilitation centers shall adopt necessary measures to protect drug rehabilitation personnel from incidents of injury or death.

Rehabilitation centers may adopt measures to protect drug rehabilitation personnel who, because of the effects of addiction, may hurt or inflict harm on themselves or commit other harmful acts.

Article 13. In addition to carrying out pharmaceutical and psychological treatment and legal and moral education, rehabilitation centers may organize drug rehabilitation personnel to do an appropriate amount of labor.

Article 14. Rehabilitation centers shall allow the drug rehabilitation personnel's family members or relevant personnel from their units to visit them. Visitors shall observe rehabilitation center rules.

In case it is necessary for drug rehabilitation personnel to temporarily leave a rehabilitation center because of the critical illness or death of an immediate family member or because of other legitimate reasons, they may do so with the rehabilitation center's approval, provided their relatives or units serve as guarantor; the separation period from the center shall not exceed three days.

Article 15. The living and treatment expenses of drug rehabilitation personnel during the compulsory drug rehabilitation period shall be borne by drug rehabilitation personnel themselves or their family members.

Article 16. If drug rehabilitation personnel die while undergoing compulsory drug rehabilitation, public security organs shall ask medical examiners or designated doctors to issue a death certificate. After verification by the people's procuratorate at the corresponding level, a death notice shall be prepared and sent to the deceased's family and unit and the local police substation in the area of residence. In case the deceased's body is not claimed by family members, public security organs shall dispose of the body after they photograph it.

Public security organs shall report death verification and other relevant circumstances to public security organs at the next higher level for record.

Article 17. Drug rehabilitation personnel who report or expose illegal acts and crimes or perform other meritorious service shall be appropriately rewarded.

Drug rehabilitation personnel shall be handled in accordance with the relevant laws and administrative regulations for illegal acts and crimes that have not been dealt with.

Article 18. After the expiration of the compulsory drug rehabilitation period ordered by public security organs or the period of extension approved by them, rehabilitation centers shall terminate compulsory drug rehabilitation. The public security organ that made the rehabilitation decision shall issue a termination certificate for compulsory drug rehabilitation and notify the drug rehabilitation personnel's family, unit, and local police substation in the area of residence.

Article 19. Once their compulsory drug rehabilitation is terminated, drug rehabilitation personnel shall not be discriminated against in school or job application. Once compulsory drug rehabilitation is terminated, drug rehabilitation personnel's family members and unit and the local police substation in the area of residence shall continue to help and educate them to prevent them from taking or injecting illegal drugs again.

Article 20. In one of the following cases, which makes it inappropriate to admit them to rehabilitation centers,

drug addicts shall be forced to undergo drug rehabilitation outside rehabilitation centers within a prescribed period:

1. Those suffering from acute infectious disease or other serious illness;
2. Those who are pregnant or are breast-feeding infants less than one year old; and
3. Those who are otherwise inappropriate to undergo drug rehabilitation in rehabilitation centers.

For personnel listed in the preceding paragraphs, public security organs shall issue drug rehabilitation notices to them and their families; local police substations in the areas of residence shall be responsible for supervising and managing their drug rehabilitation.

Article 21. Medical units that intend to provide drug rehabilitation services shall apply to the provincial, regional, or municipal people's government public health department for approval in accordance with relevant regulations and shall report to public security organs at the corresponding level for record. Medical units providing drug rehabilitation services shall receive supervision from public security organs.

No individuals are allowed to provide drug rehabilitation services.

Article 22. These measures shall become effective on the date of promulgation.

General

Wen Jiabao Inspects Poor Areas in Shandong

OW2601124395 Beijing XINHUA Domestic Service in Chinese 1117 GMT 16 Jan 95

[By DAZHONG RIBAO reporter Wang Feng (3769 0023) and XINHUA reporter Ding Xiguo (0002 6932 0948)]

[FBIS Translated Text] Jinan, 16 Jan (XINHUA)—Wen Jiabao, alternate member of the CPC Central Committee Political Bureau and member of the Secretariat, recently visited cadres and masses and inspected rural work in the Yimeng mountainous area. He emphatically pointed out that poverty relief is an important strategic task and that the entire party and society must attach importance to poverty relief work and work together to help poor areas develop their economies.

From 11 to 15 January, Comrade Wen Jiabao visited Pingyi, Mengyin, Yinan, Linyi, and Cangshan Counties in Linyi Prefecture, Shandong Province. He inspected irrigation works and comprehensive development projects in mountainous areas, investigated village and town enterprises and agricultural and sideline product markets, and held discussions with local cadres and masses. He went deep into remote mountainous areas and visited resettlement points for people in construction sites of water reservoirs. He went to villagers' homes and asked them about their production and living situations. He also visited the Jiujianpeng Village, Pingyi County, party branch and the famous "six sisters in the Yimeng mountainous area" and other advanced units supporting the army in Mengyin County.

Linyi Prefecture is an old revolutionary base area with an honorable tradition, and is also one of the country's key poor areas. Since the beginning of reform and opening up, especially in recent years, people in the old revolutionary base areas have, under the leadership of the party and government, seized the opportunity to accelerate development, and great changes have taken place in the prefecture's economy and social outlook. In 1994, the prefecture produced 20.5 billion yuan in gross domestic product and 1.32 billion yuan in revenue. The peasants' per capita annual income has risen to 1,100 yuan, and most of them have solved their food and clothing problems.

Comrade Wen Jiabao was very glad to see the significant changes in the Yimeng mountainous area. He fully affirmed the prefecture's abundant experiences in wiping out poverty and improving people's economic conditions. Those experiences are: fully implementing the party's basic line, emancipating the people's minds, seeking truth from facts, adopting practical ways suitable for local conditions, building leading bodies capable of helping the masses improve their economic conditions, taking the overall situation into consideration, struggling hard, exercising selfless dedication with the Yimeng

spirit, respecting science and trained people, and actively adopting advanced science and technologies. This has fully proven that reform and opening up plus science and technology and political advantage can create a great power to help people eliminate poverty and become well to do. He hoped that people in old revolutionary base areas would carry forward the Yimeng spirit, unremittingly improve rural irrigation facilities, increase their capability to fight against natural disasters, rely on science and technology, develop the range and quality of production in mountainous areas, pay special attention to raising quality and economic efficiency, fully utilize the natural resources in old revolutionary base areas in developing production and commodity economy, and realize the goal of wiping out poverty in the prefecture as quickly as possible.

Comrade Wen Jiabao said: "Carrying out the plans to help poor areas by tackling key projects" is related to the realization of the goal of enabling people to lead a fairly comfortable life and is also a requirement in building socialism with Chinese characteristics. It has important economic and political significance. We must mobilize the strength of all sides and do a solid job in wiping out poverty. To develop poor areas, we must increase investment in agriculture, improve production conditions, and actively develop diversified farming operations and village and town enterprises while grasping grain production. We should stress using scientific and technological knowledge to help poor areas, strengthen the building of education facilities, and promote advanced technologies suitable for local use. We should actively assist enterprises that play a "leading role." We should take the road of integrating agriculture, industry, and trade; of integrating agriculture, science, and education; and of integrating production, processing, and marketing. We should raise the level of intensified operation. We should formulate policies and create an environment favorable to helping poor areas and whip up the enthusiasm of all sides to help poor areas in economic development.

Article Views Antipoverty Achievements

OW2701061995 Beijing XINHUA Domestic Service in Chinese 0224 GMT 22 Jan 95

[Article by XINHUA reporters Pu Liye (5543 4539 2814) and Lin Hongmei (2651 4767 2734): "Poverty Is Retreating in China"]

[FBIS Translated Text] Beijing, 22 Jan (XINHUA)—A powerful drive to battle poverty was launched in the ancient land of China in 1994. The clarion call to wage the final, decisive battle against poverty was sounded early last year when the State Council called a meeting in Beijing to outlay the state plan for solving the basic food and clothing problems of 80 million impoverished people in rural areas over the remaining seven years of this century. Areas north and south of the Chang Jiang soon whipped up an unprecedented upsurge in helping impoverished areas develop, and the drive intensified in

all provinces and autonomous regions with additional financial and material resources and technical expertise. Some areas that had already become prosperous also took active steps and, in one way or another, stretched their helping hands to the impoverished areas.

In its history, the Chinese nation has exerted tremendous efforts and gone through untold hardships in an attempt to drive out the devil of poverty! However, its dream became a reality only in the years of reform and opening up under CPC leadership.

Rural Reforms Ignited People's Hopes of Shaking Off Poverty

One objective the communists were constantly after was to give the people an affluent life. Immediately after the founding of the republic up to the late seventies, the state spent as much as 40 billion yuan on helping those who were poor. However, owing to man-made and natural causes, China's economic development was slow and poverty still affected large areas of the country. According to statistics, in 1978, the per capita income of the nation's peasants was a mere 133.57 yuan, and many peasants still had the problem of finding enough to eat.

In 1979, when 18 rural families in Xiaogang Village in Anhui's Fengyang County secretly divided their land and wrote down an oath in blood, their objective was very simple: Having enough to eat and no longer having to flee from famine and beg elsewhere in the country! We can say the main theme of shaking off poverty can always be heard in all rural reforms—initiated by the general contract system—that had proceeded for a decade or so, no matter whether it was production restructuring or development of rural enterprises. During this period, the party and government made constant efforts to readjust relations between various production sectors so that peasants could have the autonomy to decide what to produce and what business to run. The production enthusiasm among the hundreds of millions of peasants eventually broke loose and became a powerful and miraculous force accelerating the development of agricultural production and the rural economy. In 1984, China's total grain output reached 407.3 billion kilograms [kg] and the per capita food share exceeded 400 kg, setting record highs in both areas.

In less than three years since the introduction of the system that linked contracts to output, the Chinese people closed the history of their poverty. In 1986, the state set the standard that poverty-stricken areas were those where the per capita income was below 200 yuan per year. Falling under that category in that year were 125 million people, or 14.8 percent of the total population; and poverty-stricken areas had shrunk to 18 contiguous areas in central and western China.

Economic Development Has Opened New Areas for Fighting Poverty

Following the establishment of the State Council Leading Group For the Economic Development of

Impoverished Areas in 1986, people began to think about and look for new and more effective ways to fight poverty.

Previous antipoverty programs were nothing more than relief programs, sending money and supplies to impoverished areas. While money was showered on impoverished areas like pepper, the results were minimal. Thus, soon after its founding, the leading group decided to change relief-type programs into development-based programs so that funds earmarked for fighting poverty could be used collectively on programs that required limited investment but could yield fast results in solving people's basic food and clothing needs; and it also decided that funds for fighting poverty must be used specifically for that very purpose, all projects were to be managed according to their nature, and some funds were to be used as loans instead of being treated like free gifts as in the past.

Based on this principle, all impoverished areas immediately proceeded to plan their farming and breeding projects and pillar industries according to their respective situations, taking advantage of the additional investments and support from the state. In recent years, Henan Province's Xinyang Prefecture located in the Dabie mountainous area has invested 80 percent of its antipoverty funds in processing agricultural and sideline products. Surrounding its eight pillar industries—tea, silk, chicken, ducks, goose, aquatic products, cattle, and pigs—and its eight major products, including flowers, soft-shelled turtles, lotus seeds, ginkgo, and garlic, the prefecture has integrated production with processing and marketing of these products and now its annual output value has exceeded 400 million yuan. The 700 or so industrial and sideline businesses set up in the Yimeng mountainous area in recent years have integrated their production, supply, and marketing of fruits, medicinal herbs, livestock, and fowl. Because of its combined economic strength, Linyi City in the area is now known as the "first city in old revolutionary areas."

Meanwhile, some state departments have also started to replace their former "blood transfusion" form of aid with programs to help peasants "make their own blood," through helping them set up production projects and giving them technical and various other forms of training. Since 1989, the State Council leading group and Ministry of Agriculture propagated the use of plastic sheeting in corn production in 353 counties in Sichuan, Guizhou, Guangxi, and 14 other provinces and regions. The assistance program, known as the "Basic Food and Clothing Project," has not only addressed the basic food problem of more than 15 million peasants, but also helped them master new production skills.

Forty-five Million People Have Shaken Off Poverty Within Five Years

Faced with this powerful offensive, the devil of poverty that had followed the Chinese people like a shadow had

to retreat step by step. Currently, 92.5 percent of impoverished people in the old revolutionary areas in northern Shaanxi have had their basic food and clothing problems addressed. In the past decade or so, 2.5 million people in the Dabie mountainous area have shaken off poverty; and in the Wuling mountainous area, whose notorious poverty was as hard to break as a piece of tough bone, many families are now engaged in sizable production of mulberry trees, fruits, medicinal herbs, tea, tobacco, and livestock. After a decade of assistance, 90 percent of peasants in the impoverished Dingxi and Hexi areas in Gansu and the Xijie-Haiyuan-Guyuan sector in Ningxia have had their basic food and clothing problems preliminarily addressed.

China's impoverished population has dwindled from 125 million in 1985 to 80 million today. In addition to the decrease in the poor population, the outlook of areas that are still poor has also undergone significant changes. Some figures released by the State Council leading group show that, during the 1985-1993 period, 331 impoverished counties, which were major recipients of state assistance, built highways with a total length of 130,000 kilometers; solved the drinking water problems of 80 million people and livestock; developed more than 800,000 economic plots producing timber, fruits, medicinal herbs and tea; set up more than 50,000 village and town enterprises; and developed more than 20 million mu of croplands that yield crops despite drought or waterlogging.

The campaign against poverty has started. A new and even more mammoth campaign to fight poverty will soon be launched. Looking ahead, the nation's burden remains heavy and the journey is still long. Thus, the entire society must continue to exert sustained and unremitting efforts so that the remaining 80 million impoverished people will have their basic food and clothing problems resolved as quickly as possible.

State Planning Commission Urges Tighter Price Control

OW2701120895 Beijing XINHUA Domestic Service in Chinese 0903 GMT 20 Jan 95

[By reporter Li Anding (2621 1344 1353)]

[FBIS Translated Text] Beijing, 20 Jan (XINHUA)—It was learned from the State Planning Commission that relevant departments will continue to adopt measures to strengthen macroeconomic control over commodity prices.

While analyzing the commodity prices situation, the State Planning Commission Consumer Market and Commodity Prices Department held that the difficulty in curbing inflation can mainly be shown in that fact that society's total demand is still rising. First, despite the fact that the growth of demand for fixed asset investment is somewhat slower than last year, the aggregate scale of construction in progress is still evidently on the large

side. Second, the consumption fund witnessed an over-excessive growth, with a rapid increase of incomes for urban and rural residents. Third, beginning from the second half of last year, sales are increasing monthly. And, fourth, exports continue to increase at a great speed, complicating a contradiction between domestic demand and supply.

Owing to natural disasters, some farm products are in short supply. As a result, the pressure for price increases in foodstuffs is still very great. According to a December 1994 survey on prices in 35 large and small cities, the retail prices of most foodstuffs was on a continuous rise. In the grain category, with the exception of the price of standard flour [biao zhun fen 2871 0402 4720], which was basically stable after its price was set, the prices of other grains all increased to some extent. The prices of rapeseed oil, soybean oil, pork, and eggs also went up to varying degrees.

Besides, owing to a drop in corn output in some areas, the supply of feed grain was in short supply, with its price continuously climbing in a short time. This fact is attributed to a difficulty in controlling the prices of meat, fowl, eggs, and other livestock products. It also affected the healthy development of animal husbandry.

Because of the above-mentioned factors, the Consumer Market and Commodity Prices Department held that curbing inflation in the next few months will be very arduous. Departments in charge of price control in various localities should strengthen the supervision and control of commodity prices during the Spring Festival. In accordance with the law, they should severely crack down on such activities as arbitrary price hikes and service charges. They should further improve the price monitoring and alarm system and reflect in timely fashion the price fluctuation in the market. To solve the problem of short supply in feed grain, relevant departments should accelerate their pace in allocating corn and other feed grain among provinces and in importing them from other countries. It is necessary to make good arrangements for the production and supply of chemical fertilizers. Both central and local governments should bring their role into play to ensure enough supply of fertilizers for spring planting.

State Council Circular on Industrial Survey

OW2601124195 Beijing XINHUA Domestic Service in Chinese 0703 GMT 15 Jan 95

[FBIS Translated Text] Beijing, 15 Jan (XINHUA)—The State Council recently released a circular on carrying out the third national industrial general survey.

The circular noted that constant deepening of the economic structure reform has brought about great changes in the structure of the industrial economy's ownership system, trade, products, technology, operation style, organizational form, and the operation mechanism. To

accelerate the establishment of a socialist market economic system and to adapt to the requirements for strengthening and improving macroregulation and control and to the establishment of a modern enterprise system, the State Council has decided to carry out the third national industrial general survey in line with the stipulations of the "State Council Circular on Approving and Transmitting the State Statistical Bureau Request on Instructions on Establishing a State General Survey System and on Reforming the Statistical and Survey System."

The circular pointed out that the general survey is aimed at finding out the real condition of the nation's industrial assets, particularly the conditions of state-owned, village and township, and foreign-invested enterprises. Comprehensive investigation into the structure of ownership, major products, trade, production capability of major industrial products and their utilization state, and amount of major industrial equipment and their conditions will be conducted. It is hoped that the general survey will help enterprises enhance their economic calculations, lay an excellent foundation for establishing a modern enterprise system, and create good conditions for deepening the statistical system's reform and for raising statistical data quality. General survey targets are all industrial enterprises, with emphasis on state-owned, village and township, and foreign-invested enterprises. Major contents of the general survey will be the basic conditions of industrial production and operation in 1995 (including conditions of production, sale, inventory, costs, expenses, prices, and profits), assets and liabilities and their composition, production capability utilization, and equipment.

The State Council circular called on local governments to make meticulous organization and overall arrangements as the third national industrial general survey is a major survey of the nation's conditions and strengths. The State Statistical Bureau will undertake the general survey's specific organizational task. All levels of people's governments will assign a comrade to head and coordinate localities' general survey work. To ensure the general survey's quality, industrial enterprises are urged to conscientiously provide original records and to truthfully report on figures by strictly abiding by the general survey's requirements.

RENMIN RIBAO on Merits of State Firms

Part I

HK2701065695 Beijing RENMIN RIBAO in Chinese 1 Jan 95 p 2

[First of four installments from the "Rectifying Names and Going All Out" column by staff reporter Jiang Shijie (3068 0013 2638): "Merits of State-Owned Enterprises Should Not Be Denied—Part One of Two"]

[FBIS Translated Text] [Editor's note] A new year has begun. According to the guideline from the Central

Economic Work Conference, one of the main tasks to be accomplished on the economic front in 1995 is to focus on deepening the reform of state-owned enterprises, push ahead with various supporting reforms, and improve the system of macromanagement. To this end, we are presenting you with a collection of reports on the reforms of state-owned enterprises in three series, namely, "Rectifying Names and Going All Out," "Rectifying Our Mental Approach," and "Discussing Difficult Points." Today, we publish the first article in the series of "Rectifying Names and Going All Out." It is our hope that these three series of reports will bring the issue to your attention. [end editor's note]

Enterprises are the subject of the market economy and the most concentrated embodiment of productive forces.

Since the reform and opening up began, the sustained and rapid growth of our national economy has been a result of the full performance of state-owned enterprises as the mainstay and the vigorous development of collective enterprises, township and town enterprises, and wholly or partially foreign-funded enterprises. Those two complementary sectors have together created an excellent picture of development which has attracted worldwide attention.

However, the following facts have caused controversy and concern for many people: "State-owned enterprises have the lowest growth rate and a low return on assets; their labor productivity is even less than one-tenth that of township and town enterprises, wholly or partially foreign-funded enterprises, or individually-owned enterprises; state-owned enterprises have been holding the economy back; and without them China's economic development could move even faster...."

What is the truth? How should we look at these problems?

Have state-owned enterprises been holding back the national economy or are they the pillar of national economic development?

Only when we find answers to these questions and understand state-owned enterprises correctly can we see why the reform of state-owned enterprises must be deepened and why we must, in the new year, deepen the economic structural reform by focusing on state-owned enterprises before we can move more positively toward the accomplishment of this task.

Looking back on the 15-year experience of reform and opening up, one can see that state-owned enterprises, especially large and medium ones, have always played a decisive role. Their enormous contributions deserve to go down in history.

Bearer of the Costs of Reform and Opening Up

The reform and opening up has been an unprecedented cause. However, it did not start off at full scale but made breakthroughs in places where the productive forces

were the easiest to activate and where new growth points [sheng zhang dian 3932 7022 7820] of the economy came into being. Development requires input and the reform and opening up, being also a form of development, equally requires input or, in other words, it incurs costs. Thus, the state-owned economy is the bearer of the costs of reform and opening up.

As the state-owned economy had been in a predominant position, to speed up the development of various other economic sectors became an important strategic arrangement for the reform and opening up in our country. In this process, state-owned enterprises have generously made their due contributions.

Comrade Deng Xiaoping once compared the growing and expanding township and town enterprises in our country to "a new force suddenly coming to the fore" but, without the support of state-owned enterprises, it would have been impossible for township and town enterprises to come to the point of accounting for one-third of the total industrial output value.

In the early 1980's, township and town enterprises were still considered in the category of "sideline production" among the five agricultural industries, i.e., farming, forestry, animal husbandry, sideline production, and fishery. The principle of "using local raw materials, making products locally, and marketing them on the local market" was applied to them. At that time, some commune and production brigade-owned factories in the rural areas of southern Jiangsu Province took the lead in setting up business connections with state-owned enterprises in urban areas, taking advantage of the fact that they were very close geographically to Shanghai, Suzhou, Wuxi, and Changzhou. It was then that the party center and the State Council called on all trades and professions to support agricultural operations within their own capacity. Thereupon, many state-owned enterprises "spread" some products as well as equipment, technology, raw materials, and even supply and marketing channels for producing those products into the countryside. From then on, the "three-local" restrictions were scrapped and the development of township and town enterprises spread from the east to the west and from the south to the north, taking their first great leap forward.

Since then, after "going up new steps" several times, township and town enterprises have been constantly upgrading their scale of production, scope of operation, technical quality, and sophistication of equipment to new levels. In this process, energy, such as electricity, petroleum, and coal; raw materials, such as rolled steel, chemical fibers, and nonferrous metals; public facilities, such as railways, highways, ports, and posts and telecommunications; and all kinds of technical equipment supplies by state-owned enterprises have provided a basis for the takeoff of township and town enterprises.

The rapid and vigorous development of township and town enterprises has been an important showcase for our opening up policy. However, for a foreign investor to

make an investment and set up a manufacturing facility in a given place, the preconditions are: Sufficient supplies of water, electricity, oil, and gas and the availability of flexible and convenient communications and transportation. The government departments would instruct the relevant state-owned enterprises to meet the requirements on such "hardware" facilities. In particular, in order to satisfy the demand of wholly or partially foreign-funded enterprises unconditionally on electricity and railway transport capacity, i.e., commodities which had already been in short supply and whose prices did not match their costs, not only the existing rationing for state-owned consumers had to be reduced quite a lot, the power generating enterprises and railway departments had to sacrifice their economic efficiency. At that time, such sacrifices were "mandatory."

Many of the partners selected to establish foreign-funded enterprises, which mushroomed all across the country, were the best state-owned enterprises, as well as the best workshops and departments of state-owned enterprises. The policy of "one factory, two systems" gave joint ventures the best equipment and expertise and young labor, while the obligations to retired workers were left for the previous enterprises. One can say without exaggeration: Without the energetic support of state-owned enterprises, wholly or partially foreign-funded enterprises could not have developed so quickly.

The most important factor in enterprise development is skilled human resources. State-owned enterprises were once evidently superior to nonstate enterprises in terms of skilled human resources. Up till the middle of the 1980's, most of the skilled workers township and town enterprises could employ were retired employees of state-owned enterprises, known as "high-priced oldies." After the state authorities allowed the circulation of skilled human resources, nonstate enterprises were given the green light to "headhunt" from state-owned enterprises. Today, in any nonstate enterprise, one can find those who once worked in state-owned enterprises. State-owned enterprises allowed their in-service employees to take unpaid leave to set up individually- or collectively-owned businesses and attain prosperity through diligent work, while still being responsible for the provision of their benefits. Without that, many people would not have had the courage to try their luck.

Naturally, on the whole, the fact that management and technical personnel from state-owned enterprises were rechannelled into nonstate enterprises is not something bad and is a result of some deep structural and economic reasons. Nevertheless, we cannot but acknowledge that through such rechanneling of skilled human resources, state-owned enterprises have provided nonstate enterprises with mainstay forces.

Part II

HK2701074895 Beijing RENMIN RIBAO in Chinese 2
Jan 95 p 2

[First of four installments of the "Rectifying Names and Going All Out" column by staff reporter Jiang Shijie

(3068 0013 2638): "Merits of State-Owned Enterprises Should Not Be Denied—Part Two of Two"]

[FBIS Translated Text] Mainstay Source of State Revenue

The sustained and rapid growth of our national economy since the reform and opening up began 16 years ago has caught worldwide attention. Our country is becoming an investment hot spot for some influential leading consortia and enterprises from around the world. An important contributor to this excellent situation is the fact that state-owned enterprises, instead of holding back the national economy, have been playing their role as the pillar and mainstay of the economy quite well.

—Energy industries, covering the production of coal, oil, natural gas, and electricity, have made great progress. The total energy output rose from the equivalent of 637 million tonne of standard coal in 1980 to the equivalent of 1.061 billion tonne of standard coal in 1993. Domestic demand has been basically satisfied.

The production capacity of iron and steel, nonferrous metals, cement, and other raw material industries has expanded and their production conditions have improved, alleviating the strain on the supply of raw materials. The supply of some products, e.g., rolled steel and cement, is in excess of demand.

—As to the inadequacy of transport capacity (of such facilities as railroads, air cargo, and ports), the gap between the transport capacity and the freight volume to be handled is gradually narrowing thanks to such measures as new line construction campaigns, transformation of old lines to tap their potential, acceleration of port construction, and separation of water and land transportation.

—The backwardness of posts and telecommunications, through intensive investment and quick development, has significantly improved. The percentage of telephone users among residential households has risen from 0.7 to 4.7 and that for Beijing, the national capital, is 18 percent. The capacity of Beijing's telephone network in 1994 was 10 times greater than that in 1984, mirroring the nationwide progress in this field.

True, the number of state-owned enterprises operating at a loss has been increasing and their economic efficiency has been low in recent years. However, this should not lead one to the conclusion that state-owned enterprises are a burden for the development of national economy and should be "eradicated." We must carefully analyze the issue of cost-effectiveness and not draw simplistic conclusions.

State-owned enterprises are found in all leading nations of the world, regardless of their system or national conditions. Most such enterprises assume heavy responsibilities such as: Developing public undertakings and infrastructural facilities; developing basic industries,

pillar industries, and high- and new-technology industries; and performing special social functions, e.g., ordnance production, maintaining the employment rate, and the development of backward regions. Their operations are generally characterized by large investment, high risk, low profitability, long operational cycles, and slow capital recovery. Quite a lot of them do not even operate for profits, basically aiming at satisfying the needs of the society and the country. Therefore, they must rely on government subsidy.

The state-owned enterprises in our country are the subject of our socialist public-owned economy. They play the role of framework pillar and mainstay in the national economy. Under the traditional economic system, because the state centralized management, state-owned enterprises tended to find it easier to make profits but now, though the reform and opening up are continuously deepening, the industrial structure, the pricing system, and some other aspects have yet to be sorted out, causing inequality in the treatment which some enterprises receive. Furthermore, some enterprises are weighed down by heavy financial and social burdens which are worsened by intense competition from non-state enterprises. All those factors have contributed to the low effectiveness and increase in the deficits of some enterprises.

Nevertheless, by the end of 1993, a number of important indexes of China's state-owned industrial enterprises which reflected their importance among all industrial enterprises nationwide were as follows: They accounted for 19.35 percent of the total number of enterprises, 57.34 percent of the total work force, 62.32 percent of total sales income, 73.6 percent of total sales taxes paid, and 54.92 percent of total profits. Those figures indicate that state-owned enterprises are still the mainstay and pillar of our national economy and the main source of state revenue.

The party center and the State Council have decided to deepen the economic structural reform by focusing on state-owned enterprises this year, not for the purpose of "eradicating" state-owned enterprises but in order to continue to improve their overall quality and strength by way of changing their operational mechanism, adjusting their structure, and strengthening their management, so that they can better play their role as the mainstay force in the development of the national economy.

Cornerstone of Social Stability

Compared with township and town enterprises, wholly or partially foreign funded enterprises, and individually-owned enterprises, all of which belong to the non-state sector, many state-owned enterprises are suffering from low labor productivity and low economic efficiency. Though this has been caused in part by defective operational mechanisms, the heavy burdens of different kinds which they have to bear are the single most important and most direct factor weighing down state-owned enterprises.

First of all, state-owned enterprises have to face heavy financial burdens. According to statistics, from 1980 to 1993, the average percentage of profit contributions and taxes, as well as contributions to the "two funds" (i.e., the energy and transport fund and the budgetary regulation fund), delivered by industrial enterprises within the scope of the state budget nationwide in the total amount of taxable and net profits they reaped, was 86 percent, which was almost twice the percentage delivered by nonstate enterprises.

In the first half of 1994, of the total industrial added value of the whole country, state-owned enterprises and nonstate enterprises accounted for about 50 percent each; yet the taxes delivered by state-owned enterprises accounted for 68 percent of the total tax revenue, the remaining 32 percent being contributed by nonstate enterprises. In other words, the excessive burden on state-owned enterprises secured the bulk of the state revenue and resources for the state's important capital construction projects, input in education and science and technology, and defense expenditure.

This was done at the expense of their "health," i.e., the capability for self-accumulation and self-development. On the one hand, the inadequate retention of profits has led to the situation whereby the enterprises' equipment is too old, their production technology is backward, their ability to develop themselves on their own initiative is weak, the cycle for updating their products is too long, and their chances of succeeding in market competition are small. On the other hand, the enterprises are forced to almost entirely rely on bank loans to fund their operation and technical transformation, as a result of which the heavy burden of debt servicing would, in turn, make them out of breath. "If you do not carry out technical transformation, you are waiting to die; if you do carry it out, you are digging your own grave." This is not just a querulous remark from state-owned enterprises: It is what they have truly experienced and does reflect what is really going on to some extent.

The second burden is the social burden on state-owned enterprises, which is also heavy. First, the problem of "enterprises running the society" that has been left over from the past still has not been substantially changed, even to this day. Employees' basic day-to-day living, housing, medical care, transport to work, education for their children, and many other issues are still consuming the energies of enterprise operators and holding up a great deal of manpower, material resources, and financial resources in the enterprises. According to statistics, at the moment, there are over 60,000 primary schools, middle schools, and technical schools run by enterprises nationwide, with a total of more than 6 million pupils on campus. Factory directors and company managers very much wish that local governments would take over the burden of enterprises running the society. However, there is no such possibility in the near future.

The number of retired cadres and workers in enterprises is increasing while the number of their in-service

employees is decreasing, so these two numbers are getting closer and in some cases, they are even. The wages and benefits for retired employees borne entirely by enterprises are increasing with the rise in their numbers and price raises. In Beijing, Dongfang Electronics Group Company, whose predecessor was the famous Beijing Electron Tube Factory, the number of in-service employees is only just over 6,000 but it has more than 400 retired cadres and over 7,000 retired workers in its care. Furthermore, it has to pay subsidies to 4,500 former workers who were laid off decades ago during the "three years of difficulty." Township and town enterprises, wholly or partially foreign-funded enterprises, and individually-owned enterprises do not have to carry such heavy burdens.

The surplus personnel rate in state-owned enterprises is over 30 percent. As the reform deepens, the amount of redundancies from the structural streamlining of enterprises is also increasing. At present, it is still beyond the society's capacity to place them all. The only solution is for the enterprises concerned to "absorb" them internally by paying out money and "providing for" them. This, however, will affect the materialization of the power given to enterprises to manage their employment system on their own.

How can we help state-owned enterprises rid themselves of their burdens and join the non-state enterprises on the same starting line? The reality demands that we address this question seriously.

Deyang's Experience in Running State Enterprises

HK2701132295 Beijing RENMIN RIBAO in Chinese 6 Jan 95 p 1

[Editor's Note: "To Run State-Owned Enterprises, We Must Have Full Confidence and Sharp Ideas"]

[FBIS Translated Text] In high spirits, we recommend this thrilling investigative report to our readers.

Deyang's development has been eye-catching for a long time. On 6 March 1991, this paper's reporter—in his long report entitled "Braving Wind and Waves; Revelations From the Discussion in Sichuan on How To Augment the Vitality of Large and Medium-Sized State-Owned Enterprises"—gave a briefing on Deyang's train of thought in "exerting great efforts to develop the productive force." Again on 3 April 1994, a report entitled, "Let Production Essentials Be Active—Deyang Blazes New Trail in Merger and Combination of State-Owned Enterprises" covered the fresh experience of Deyang's state-owned industrial enterprises achieving zero deficits. Last July, this paper organized a report on Sichuan in the "River Runs East" column, and reporters again were sent to Deyang.

With eloquent facts, Deyang told people that a good job can be done in state-owned enterprises; to do so, it is imperative to have full confidence and sharp ideas.

A leading comrade of Deyang said, a few years back, that a popular saying in society went: "State-owned enterprises are inferior to collective enterprises, which, in turn, are inferior to individual households"; however, nobody has ever bought that idea in Deyang. They are deeply aware of the important role of state-owned enterprises in Chinese society, and have exerted efforts—heart and soul, and with a strong sense of historical responsibility—to do a good job in this great undertaking of running state-owned enterprises.

The wisdom of Deyang's communists lies in the fact that they have seized the great opportunity of reform and opening up, while making full use of the power the central and provincial authorities relegated to enterprises, and of preferential policies, so as to reinvigorate enterprises. They pinpointed the fatal weaknesses of some state-owned enterprises—aging equipment, backward technology, and unmarketable products—then decided with a will to spend money where it is needed most so as to continuously conduct technological transformation, and to cultivate new points of profit growth. They have given play to the great advantages of socialist ownership by all the people, and have placed all enterprises under the city's jurisdiction into overall planning so that the expansion demands of enterprises with advantages might be linked to the idle assets of disadvantaged enterprises so as to optimize resource allocation. Human effort is the decisive factor. The crux lies in a good leading government body and a good factory director. With money in hand, they did not spend it to construct magnificent office buildings, nor did they purchase luxurious cars. The principle they implemented was to "practise austerity on themselves, and to substantiate enterprises so as to augment their staying power to accomplish moderate development."

Trials for Establishment of Enterprise System

HK2601123495 Beijing ZHONGGUO XINWEN SHE in English 1127 GMT 26 Jan 95

[FBIS Transcribed Text] Beijing, January 26 (CNS)—China has entered a practical stage to put on the path trials for establishment of modern enterprise system in the country, the State Economic and Trade Commission said. Some 2,200 enterprises have been selected as such trials at various levels. The State Council determined that 80 out of the 100 trial enterprises should draft their implementation proposals and complete theatrical demonstration and coordination work by this April.

Some 17 central departments organized a joint conference at ministry level to discuss "Trial work on Establishment of modern enterprise system and optimism of enterprise asset structure in several cities." One after another, two training courses on modern enterprise system were carried out by the State Economic and Trade Commission for personnel in charge of the 100 trial enterprises and relevant government officials. Though it is difficult to coordinate the work of drafting

some 42 documents on operation of trials for establishment of modern enterprise system, however the coordinating work on seven documents have already been completed and this batch of documents will go into effect in the first half of this year.

The trial work has now also started in provinces and municipalities like Shanghai, Jiangsu, Shandong, Guangdong, Fujian, Sichuan, etc. Shanghai will regard the task as its major economic work in the coming three years. Guangdong Province has drafted six complementary documents to manage state-owned assets. Fujian Province also adopts a number of measures to reform its existing system.

The State Economic and Trade Commission hoped, through carrying out the trial work and improving enterprise asset structure in 18 cities, China can achieve some practical progress in changing the operational management mechanism of enterprises in the country.

Article Cites Deng on Three Gorges Project

HK2601135095 Hong Kong TA KUNG PAO in Chinese 14 Jan 95 p 2

["Special dispatch" by staff reporter Li Ping-hua (2621 3521 5478): "Deng Xiaoping on the Three Gorges Project"]

[FBIS Translated Text] Beijing, 13 Jan—Construction of the Three Gorges Project, which has attracted worldwide attention, has formally started. After a long period of research and demonstrations, its great economic benefits in flood prevention, power production, and navigation and transportation have now been recognized by the broad masses of people in China and the people of the world who are showing concern for this project. The relocation of people, protection of the ecological environment and cultural relics, and other issues which people once worried about have also been appropriately resolved and settled. Recently, this reporter had an opportunity to visit Wei Tingcheng, deputy director of the general office of the Three Gorges Project Construction Committee, and learned some new things about the policymaking procedures for the project.

Wei Tingcheng, who is already 68 this year, is a senior engineer of professor level. Graduating from Qinghua University in 1949, he began work in the Chang Jiang Water Conservancy Committee and took charge of planning and design work for a long time. He led the design work in the construction of the Dan Jiang Water Conservancy Project and the Gezhouba Project. Since 1954, he has been in charge of design and research work for the Three Gorges Project. He is a well-known engineering and technological expert who has been fighting on the forefront of the Chang Jiang for 44 years.

Wei Tingcheng told this reporter that flooding of the Chang Jiang and the Huang He have always formed a serious hidden danger for China. After the founding of New China, the work of bringing the two rivers under

control was also a great matter that Mao Zedong, Zhou Enlai, and other founders of the state always bore in mind. The Three Gorges Project has long been carefully considered, and Zhou Enlai personally took charge of this work for a long time. It took more than 30 years to study and prove the feasibility of this project.

In 1980, Deng Xiaoping inspected the Chang Jiang and stayed in Hubei for more than 20 days, sailing along the river from Chongqing to Yichang via the Three Gorges. Wei Tingcheng and other persons in charge of relevant departments accompanied Deng Xiaoping during his inspection. Deng showed great interest in various issues concerning the project and its impact and listened to the detailed introductions and reports on it. Those reports were based on the hydrological data of the Three Gorges over the past century, results of research and demonstrations by experts and scholars, and figures obtained by analysis of and comparison with other, similar projects. In July, Deng Xiaoping invited Hu Yaobang, Zhao Ziyang, and Yao Yilin to Wuhan and in a serious manner proposed that they study the Three Gorges Project. After Zhao Ziyang returned to Beijing, he organized relevant personnel to study this project again. On 4 January 1981, at a ceremony held in Yichang for damming the river at Gezhouba, Zhao Ziyang said definitely that construction of the Three Gorges Project should start. This indicated that the top policymakers of the CPC and the Chinese Government had already come to a final decision on this project.

In 1984, the CPC's Central Financial and Economic Leading Group made a decision on the plan for construction of the Three Gorges Project, which was approved in principle by the State Council. Shortly after that, with the approval of the CPC Central Committee and the State Council, a circular on preparatory work for the Three Gorges Project was issued to the lower levels. In the second half of the year, a leading group for preparatory work of the Three Gorges Project was formed, with Li Peng as its head and Song Ping, Du Xingyuan, and Qian Zhengying as deputy heads. Li Peng also made an on-the-spot inspection of the Three Gorges in the same year.

In 1985, at the Third Session of the Fifth National People's Congress [NPC] and the Third Session of the Fifth Chinese People's Political Consultative Conference [CPPCC], some CPPCC members gave quite a few opinions on the Three Gorges Project. Some even said: "The First Emperor of Qin built the Great Wall, and the Emperor Suiyang dug the Grand Canal. Both came to no good end. If the Communist Party stubbornly starts the Three Gorges Project, it will certainly come to no good end too." Though the opinions were sharp and the terms used thorny, most of them were saying this with good intentions. However, they did not know much about the real situation. Nevertheless, this showed that more and more people were showing concern for affairs of the state and the nation and reflected an aspect of the fact that fundamental changes had taken place in China's political

atmosphere, under which people dared to air their different views and make thorny remarks without the slightest hesitancy.

In view of such sharp opinions, the CPC Central Committee did not make use of its political authority and make a decision immediately. In April and May 1986, Zhao Ziyang once again led the relevant personnel to Wanxian to carry out painstaking investigation and study. In June the same year, in accordance with an instruction of the central authorities, the Ministry of Water Resources and Electric Power organized a demonstration group, which was composed of 412 experts in various fields. The group was then divided into 14 special groups for carrying out research and demonstrations in various forms by modern scientific means. Wei Tingcheng said that when the work was just started, many of the experts were not in favor of this project or did not take it into serious consideration. But two years and eight months later, 403 experts unanimously held that the project was feasible and signed their names to the special demonstration report. Only nine still held different views and refused to sign the document. We can say that through scientific demonstrations, the unified will of the great majority of people was reflected by the professional research personnel on the Three Gorges Project.

In 1986, when reporting on the work concerning the Three Gorges Project to Deng Xiaoping, Zhao Ziyang said that for construction of the Three Gorges Project, there were problems in the technological, economic, and political fields, which should be taken into consideration. Problems in the former two fields were comparatively easier to resolve, but that in the political field was hard to resolve. If, at the NPC discussion, large numbers of deputies did not agree, it would become a political problem.

On this issue, Deng Xiaoping said that there might be a political problem if the Three Gorges Project was started. There might also be a political problem if the project was not started. The latter might be a bigger problem. According to Wei Tingcheng, Deng Xiaoping's consideration was chiefly based on flood prevention. He held that if there was a serious flood because we had failed to step up construction of the Three Gorges Project, resulting in large areas being flooded and causing the loss of people's lives and property, it would mean there had been dereliction of duty on the part of our party and government, and this would be a political problem in the real sense. As expected, a big flood occurred in the Chang Jiang and Huai He area in 1991, which had a serious impact on large areas where there was flooding. At that time, many people asked: "Why did we not start the Three Gorges Project earlier?"

In 1992, the Fifth Session of the Seventh NPC adopted a resolution on construction of the Three Gorges Project. It was the result of more than 40 years' research and demonstrations. We should say that construction of the

Three Gorges Project is a correct choice, which was made by weighing the pros and cons and concentrating the will and aspirations of the people throughout the country. In view of all kinds of rumors in society about the funds required by the Three Gorges Project, Wei Tingcheng said: In accordance with the principle of establishing a mechanism to ensure the sources of funds, we have calculated the funds required by the Three Gorges Project and worked out a relatively feasible plan. Generally speaking, in the construction stage, the funds needed will not have a great impact on the national economy. Our national strength can afford it.

Wei Tingcheng said that there will be an input of funds in the 11th year of the construction (that is, 2003) [as published] after the first electricity generating set is put into production. In the 13th year (2005) [as published], there will be a balance between the funds needed in that year and the income from the electric power generated in the same year and from the profits of the Gezhouba Power Plant plus the construction fund for the Three Gorges Project. For this reason, the 13th year is also called "the year of funds balance." Beginning from the 14th year, there will be a surplus of funds in the construction of the Three Gorges Project. After that, the project will not need to borrow money from the state and will start paying back both capital and interest, which can be repaid totally in the 18th year (2014) [as published]. The dynamic funds needed before the year of funds balance will be 146.8 billion yuan if price and interest rate are factored in, and this includes the reserve funds. From this we can see that there are two aspects to this issue: The requirement of a large amount of funds for construction of the Three Gorges Project and the favorable factor of this project characterized by a strong capability of self-collection of funds. Wei Tingcheng continued: We have also calculated the investment returns of the above-mentioned fund-raising scheme in accordance with international practice. From 2003 to 2009, after paying various taxes according to the new financial and tax systems, the rate of return of the state fund will be 15 percent. In the construction period, a total of more than 50 billion yuan of taxes will be paid to the state.

Wei Tingcheng also revealed that in 1995, some 7 billion yuan will be used for construction of the Three Gorges Project. Of this, 5 billion will go to the key projects and 2 billion will be used for relocation of people in the reservoir area. To ensure that there will be sufficient funds for construction of the Three Gorges Project, the state will raise funds through various channels, including the Three Gorges Project construction fund, capital input from the profits of the Gezhouba Power Plant, loans from the State Development Bank, and appropriate funds raised from abroad.

In conclusion, Wei Tingcheng said: Everything in the world has both positive and negative factors or influences, not to mention the Three Gorges Project, which is such a big project. Nevertheless, our policy decision is

made on a scientific basis, which reflects the fundamental interests of the people. We have the ability to bring the economic returns of the Three Gorges Project into full play and will endeavor to resolve and eliminate all possible problems. People can be assured that the Three Gorges Project will bring benefit to the Chinese people and their descendants.

Huang He Valley Development To Help Modernization Drive

OW2701102095 Beijing XINHUA in English 0945
GMT 27 Jan 95

[FBIS Transcribed Text] Jinan, January 27 (XINHUA)—The economic take-off of the Yellow River [Huang He] valley will help accelerate China's modernization program, Chinese experts here believe.

They pointed out that rapid economic growth in the past decade has already made the other two major river deltas of the country—those of the Zhujiang and Yangtze [Chang Jiang], the most developed areas in the country, thus promoting the economic advance of the wider river valley areas and that of the whole country as a whole.

Though a comparative latecomer on the economic scene, the Yellow River delta in the northern part of Shandong Province also boasts all the conditions to become an economic pacesetter for the region, they argue.

With industrialized coastal Liaoning Province to its north and the port city of Tianjin and the capital Beijing to the west, the Yellow River delta provides the best transportation links for the nine provinces of the valley, eight of them landlocked, to enter the world economic arena by sea, the experts said.

Thanks to the central government's policies, the delta has already been designated an area open for overseas investment.

It is also listed as one of the major agricultural development areas, and grain and cotton producers enjoy preferential treatment.

As a result, the delta has experienced unprecedented economic growth over the past few years.

In Dongying City, where the Yellow River pours into the Bohai Sea, for example, the gross product and social output value have tripled since it became a city 10 years ago.

"The progress of the delta will surely promote the advancement of the whole valley area", the experts said.

Originating on the Qinghai-Tibet plateau, the Yellow River flows through Qinghai, Sichuan, Gansu, Shaanxi, Shanxi, Henan, and Shandong provinces, and the Ningxia Hui and Inner Mongolia autonomous regions. The 5,464-km-long river valley has abundant energy and agricultural resources.

The total hydroelectric power reserves come to 28.22 million kw. Oil and coal reserves account for one fourth and one half of the country's total, respectively. An overall blueprint for energy development, with the upper reaches devoted to hydroelectric power, the middle reaches to coal, and the lower reaches to oil exploitation, has already been worked out, the experts disclosed.

There is also great potential for agriculture in the valley area. There is 13 million ha of arable land, of which about half is irrigated by the Yellow River, and large areas of untapped natural pasture.

The experts also believe that since the Yellow River delta area connects the vast economic zones in the valley with the economically-important region around the Bohai Sea, including part of Inner Mongolia, Liaoning, Shandong and Shanxi, as well as Beijing and Tianjin, its economic take-off is also expected to be conducive to the economic co-operation and progress of the vast areas in north and northeast China.

***Article Views Rural Shareholding Cooperative System**

95CE0209A Beijing JINRONG SHIBAO in Chinese 19 Nov 94 p 4

[Unattributed article: "Towards an Understanding of Revamping the Rural Enterprise Shareholding Cooperative System"]

[FBIS Translated Text] China has been engaged now for over 15 years in reform of its economic system, and the country's township and rural enterprises have also flourished in the wake of this reform effort. According to statistics, in 1993, China's rural enterprise export sales total accounted for 44.5 percent of the country's overall exports, and in the first half of 1994, their output value reached 1.2099 trillion yuan. Rural enterprises are occupying a position of growing importance in China's economy.

However, a number of issues have gradually emerged in the development of rural and township enterprises, and these have raised obstacles to the economic development of these enterprises. Reorganization of rural and township enterprises has grown more and more imperative, so that their development can progressively move forward.

We believe that the foundation for healthy development of rural and township enterprises is to be found in a deepening of reform and a change of management mechanisms. In talking about rural enterprises in the current stage, in terms of distinct enterprise property rights relationships, optimization of resource allocation, and systematizing internal management mechanisms, among the most workable and effective methods is a shareholding system. Promotion of the shareholding system is an effective choice for rural enterprises to properly work out their own management, assume sole responsibility for profits and losses, impose self-discipline, promote self-development, and overcome the short-term focused

behavior of management and administration. When an enterprise under the shareholding system moves gradually to follow the correct path, then at the right time it will be transformed into a company limited by shares or a limited liability company, and thereby progressively move forward in its development.

I. Differences Between a Rural Enterprise Cooperative Shareholding System and a Stockholding System

1. A stockholding system involves an alliance of capital and is a cooperative scheme using capital; a shareholding cooperative system involves an alliance of capital and labor, with the alliance of labor being primary. In a stockholding system enterprise, those putting up capital and the shareholders are not the staff of the enterprise (internal staff shares are a very small portion of the total), and a general shareholders meeting is the organization holding power for the share company. However, the shareholders do not directly participate in management of the company. In a company with a shareholding cooperative system, on the other hand, those buying shares are typically enterprise employees or members of the community. Besides these, very few others buy shares.

2. In an enterprise with a stockholding system, the workers participate in the company's production and management activities by invitation and draw their salary as payment; the bulk of workers in a shareholding cooperative system enterprise are investors and shareholders in the enterprise and of course do not replace the invited staff members, indeed, the former are primary.

3. In a stockholding system enterprise, after stockholders buy shares, the shares can be transferred, inherited, or sold, but cannot be withdrawn, and in practice one share equals one vote. However, in a shareholding cooperative enterprise, when collective assets are divided into shares and quantified into individual shares, these only enjoy voting rights and earnings rights, and do not allow taking out capital or withdrawal, but shares which have been purchased using other capital investments can be circulated and withdrawn (in accordance with handling regulations), and one share one vote is practiced, but worker contributed shares also have voting rights.

4. A stockholding system enterprise allocates dividends according to the distribution of stocks, and owner rights and interests are turned over to the stockholders; on the other hand, a shareholding cooperative enterprise integrates allocation according to labor and shares, capital stock increases and money paid for shares and sharing of extra profits are allocated according to shares, and withdrawn and retained accumulation funds are restored to the collective ownership of the enterprise staff. However, because the shares include a certain portion of worker contributed shares, distribution according to work still constitutes a comparatively large proportion.

II Principal Problems Existing in the Development of Rural Enterprises

1. Property right relationships are blurred and indistinct

When a rural collective ownership system enterprise is established, the channels and methods of funding sources are complex, and there is some individual original investment and also some collectively accumulated capital investment. In addition, after a number of years of activity, there are also some additional investments and accumulation resulting from the preferential policies of government departments, such as allowing profits and blocking interest, reducing taxes, etc. These property rights are difficult to sort out and it is difficult to determine what belongs to whom, and hence this has resulted in problems, such as the fact that the rural enterprise investment situation has not been clarified, investment consciousness is weak, short-term behavior is quite serious, and in terms of management, the government and enterprises have not been separated. This all has an effect on rural enterprise development. In addition, with the investment situation lacking clarity, this inevitably leads to rural enterprises lacking the ability to come together; they cannot fully channel the enthusiasm and initiative of large numbers of workers and staff and increase labor efficiency.

2. Comparatively small scale, scattered distribution

Rural enterprises are normally comparatively small in scale. Because of limitations in various factors such as their funding, manpower and resources, a large number of rural enterprises are not able to expand their scale and increase efficiency. Enterprise distribution is scattered, and in terms of natural resources, transportation and communications facilities, there is the phenomenon of waste; economies of scale are not formed.

3. Enterprise activity is not standard

Rural enterprises, though they have developed over a certain period of time, do not have a clear legal status, and there are no thorough policies and stipulations for protecting and guiding rural enterprises. In addition, the market rural enterprises depend on has not been fully perfected, and a number of enterprise activities that are not good have appeared, such as imitation and bogus merchandise and tax evasion. This is bound to have a very deleterious effect on the existence and development of rural enterprises.

It is precisely because of the existence of these problems with rural enterprises and the continuing deepening of the reform of the economic system that rural enterprises are facing new challenges and opportunities, and the original advantages that rural enterprises had have been diluted or disappeared. At the same time, state-owned enterprises have put great effort into launching reform for a modernized enterprise system and have broken the iron rice bowl. They are using a contract responsibility system and shareholding systems, replacing the economic methods of the past with new management and administrative approaches, relying on the fact that rural enterprises cannot match their abundant funds, technology, and personnel resources to rapidly develop. Individual, privately owned and joint venture varied

investment type enterprises also continue to emerge in large numbers, and rural enterprises are facing a competitive situation that is growing more intense by the day. Therefore, rural enterprises must quickly grasp their own disadvantaged situation, and draw support from the advantages of new management mechanisms, in order to be able to move forward, strengthen their competitiveness, and thereby maintain a positive development momentum.

III. Establish a Shareholding Cooperative System, Promote Rural Enterprise Development

In the process of remaking rural enterprises, it is necessary to establish different types of shareholding cooperative system enterprises in accordance with the actual conditions of a particular enterprise. China's various regions and industries all have varied types of rural and township enterprises, or use individual or privately owned enterprises established with a collective name. Their establishment methods, backgrounds, and management levels and achievements are all different, and for this reason one cannot lump them together and use a unified model, rather it is necessary to really understand their primary problems and allow for different approaches to establishing a shareholding cooperative system enterprise.

We believe that when it comes to a shareholding cooperative system enterprise, the most important issue is also the most complex question of how to delineate its property rights, and how, in a fair and reasonable way, to set up its capital stock structure. First it should conduct an evaluation of the existing enterprise stock assets. After taking stock of the situation, when it comes to delineating this portion of assets, original investment and the portion of increased value should be differentiated. The original investment is the collective assets necessary for establishing the collective, turned over to the collective, or jointly owned by community members, owned by individual investors, or turned over to investors. For the portion of increased value, first it is necessary to differentiate a certain portion owned by the founders who established the share owned enterprise or prominent contributors to the development of the enterprise, and, second, to distinguish a certain portion that belongs to the enterprise staff and workers. Assets resulting from the government's preferential policies should be held by the authorized government departments (only those that drew extra profits, and did not participate in management). In addition, after clarifying and putting in order stock assets, it will be possible, in accordance with funding requirements, to expand shares for the enterprise staff and workers and community members. Such a shareholding cooperative system shareholding rights structure is roughly as follows: collective shares, individual shares, and others including founding shares, staff and worker shares and community member shares. In the wake of an expansion of the scale of an enterprise, it is necessary to continue to expand the capital stock while at the same time ensuring extra profits.

When it comes to rural enterprises remodeling the shareholding cooperative system, we suggest strengthening the following elements:

First, strengthen establishment of laws and regulations for the shareholding system, and have shareholding enterprises abide by the law and operate within the allowed scope of national laws and regulations, making them standard and legitimate. This will make it possible to ensure they have the stamina to develop.

Second, in the process of overhauling, grasp the key points of the existing issues facing enterprises, clearly delineate property rights relationships, systematize management mechanisms, genuinely resolve issues when the government is in the place of the enterprise, and the government and enterprise are not separate, and have the enterprise begin to move towards the guidance of the market, and walk the path of using assets as its links, having self-initiated management, having responsibility for its own losses and gains, having self development, and having self discipline.

Third, pay attention to management of personnel at all levels, the training of enterprise staff and workers, increasing management levels and the quality of staff and workers, make sure large numbers of staff and workers correctly understand the shareholding system, and that the enterprise really operates according to modern enterprise system standards.

IV. Carrying Out Standardization of Rural Enterprise That Have Already Been Converted to a Shareholding System

At present, China already has some shareholding cooperative system enterprises. However, because we believe that the shareholding system is continuing to deepen in its development, it is still necessary to have a process of standardization. We can do the following along these lines:

1. To achieve the goal of practical transformation of management mechanisms, we must assist enterprises in clarifying their property rights relationships, rationally set up or adjust the property rights structure, safeguard the investor, expand the benefits and enthusiasm of the workers and staff, assist enterprises in clarifying the management responsibility of government departments towards the enterprise, and assist enterprises in researching and formulating long-term development plans and production and management targets in accordance with national industrial policies and market conditions.

2. To achieve the goal of perfecting management mechanisms within the enterprise, we must assist enterprises in researching and formulating enterprise shareholder meetings, boards of directors meetings, boards of supervisors meetings, enterprise rules and detailed rule and regulations for work; inspect enterprises to see whether or not they have carried out their responsibilities; assist enterprises in carrying out new personnel systems, work

systems, and personnel salary, funding, and welfare allocation systems; draw up practical and workable enterprise personnel retirement, health care, and housing plans; assist companies in drafting management rules and regulations between the enterprise and various subordinate administrative organizations, and in clarifying and delineating the various management jurisdictions and economic responsibilities between the enterprise and its subordinate elements.

3. In order to increase the level of understanding of the shareholding system and leadership quality of high level enterprise leadership personnel, it is necessary to provide training and dissemination of information; conduct training for enterprise boards of directors, boards of supervisors, managers, board of director secretaries, financial authorities and other high-level management personnel; and organize studies and discussions for large numbers of enterprise personnel in order to enhance their understanding of shareholding systems and foster market economic concepts.

In summing up the above, enterprises, in conducting shareholding cooperative work, still find themselves at an experimental stage, and understanding of shareholding cooperative systems is also in practice continuing to deepen in development. Rural enterprises are depending on the advantages of a shareholding system, and gradually standards are continuing to develop. They are operating in accordance with the requirements of a modern enterprise system, and occupy a position of ever greater importance in the process of China's economic development.

Finance & Banking

Conference Urges Foreign Exchange Reform

OW2701003795 Beijing XINHUA Domestic Service in Chinese 0431 GMT 19 Jan 95

[By reporter Ding Jianming (0002 1017 6900)]

[FBIS Translated Text] Beijing, 19 Jan (XINHUA)—The National Conference of Directors of Administrations of Foreign Exchange Control, which closed here today, suggested that in carrying out this year's foreign exchange work, it is necessary to focus on checking inflation, further improve and push forward foreign exchange reform, strictly control the scale of foreign debt, and raise efficiency in the utilization of foreign debt; at the same time, it is necessary to transform administrative functions.

At the conference, Zhu Xiaohua, vice governor of the People's Bank of China and director of the State Administration of Exchange Control, pointed out: In 1994 China carried out a major reform of its foreign exchange control system; unified the exchange rate; initially set up a well-managed unitary floating exchange rate system based on market supply and demand; set up a national unified foreign exchange market; introduced the system

by which foreign exchange settlements or sales are handled by banks; removed most of the restrictions on regular foreign exchange payments; and made the renminbi conditionally convertible under current accounts.

Zhu Xiaohua said: After one year of efforts, marked results have been made in foreign exchange reform; the new foreign exchange system is operating normally, and the expected objective was fulfilled. The exchange rate of the renminbi has remained stable, and its value has risen slightly. Its exchange rate has risen from 8.7 yuan to the U.S. dollar in the early days following the unification of its exchange rate to about 8.45 yuan to the U.S. dollar. The framework for the new exchange rate system has basically taken shape. Foreign exchange supply has been abundant on the market. According to bank statistics on the settlement and sale of foreign exchange, throughout the country last year trade settlements amounted to \$77 billion, which included \$61.4 billion of foreign exchange sold and a net settlement of \$16.6 billion [figures as received]; nontrade settlement was \$16.5 billion, which included \$6 billion of foreign exchange sold and a net settlement of \$10.5 billion. The state's foreign exchange reserves increased more than 100 percent over the amount at the beginning of the year, thus strengthening China's capacity to make foreign payments and enhancing its overall national strength.

Zhu Xiaohua pointed out: China's success in foreign exchange reform last year is profoundly significant: It has promoted the establishment of a socialist market economic structure in China and strengthened the market's basic role in the distribution of foreign exchange resources under overall regulation and control by the state; the operation of the open foreign exchange market established by the central bank has promoted the establishment of a domestic renminbi money market, enlivened business in the open market, and led to the setting of interest rates based on market demand; China's success in foreign exchange reform has led to centralized control and unified distribution of banks' foreign exchange and renminbi funds and improved the quality of service; it has also created an environment for enterprises to compete on an equal footing, and this has facilitated the transformation of their operating mechanisms and enhanced their efficiency. The success in foreign exchange reform has also helped link China's economy with the international economy, creating a condition for China to participate in international competition and cooperation in a better way.

On this year's foreign exchange work, Zhu Xiaohua pointed out: In carrying out this year's foreign exchange work, we must try to cope with the situations that have emerged since the new system was put into operation a year ago, further tighten control over banks' handling of foreign exchange, revise the relevant laws and regulations, and improve the system in order to prevent capital receipt-payment exchange from mixing up with that for settlement and selling under current account. We must urge banks authorized to handle foreign exchange to

strictly examine the relevant documents on foreign exchange payment for imports, so as to prevent the illegal procurement of foreign exchange through false contracts and false documents and to prevent the disrupting of the financial and foreign exchange order. We should further relax control on foreign exchange for nontrade and nonoperational use.

Zhu Xiaohua stressed: It is necessary to strengthen control over capital items, rationally guide the inflow of foreign capital, strictly control the scale of foreign debt, and raise efficiency in the utilization of foreign capital. We should strengthen control over providing guarantees overseas and do a good job in examining and approving guarantees overseas. Without approval, no organizations within the territory of China are permitted to provide a guarantee for an organization outside China to raise funds overseas under the name of a project within the territory of China.

Zhu Xiaohua said: This year we should further improve the foreign exchange market laws and regulations, standardize the operation of the foreign exchange market, and improve the mechanism for compiling and regulating exchange rates. We should increase the types of currencies on the foreign exchange market, change the way in which the central bank announces daily the quotations for the 21 currencies including the U.S. dollar, and only announce the exchange rates of renminbi against other currencies. We should also strengthen study of the exchange rate mechanism for renminbi, so as to enhance the role of exchange rates as economic levers.

Zhu Xiaohua stressed: It is necessary to improve the system for managing and supervising financial institutions and strengthen the work of checking and handling foreign exchange. The focal points of managing and supervising financial institutions this year are to supervise the implementation of policies and regulations on foreign exchange control by authorized foreign exchange banks; to improve the means and legal basis for management and supervision; to strengthen control over risks on financial institutions' foreign exchange funds, over asset quality and setup, and over risk assets as well as financial institutions' assets outside the territory of China; and to set a standard for business operations of financial institutions. At the same time, it is necessary to strengthen supervision and examination of capital items and crack down on black market or illegal trading in foreign exchange so as to improve the foreign exchange market order.

Foreign Exchange Reserves Increase by 100 Percent

*HK2601153395 Beijing ZHONGGUO XINWEN SHE
in English 1413 GMT 26 Jan 95*

[FBIS Transcribed Text] Beijing, January 26, (CNS)—Zhu Xiaohua, Vice-president of the Bank of China and

Director of the State Administration of Exchange Control, revealed recently at the meeting of directors of the provincial Administrations of Exchange Control across the country that China saw settlement of foreign exchange for trade in the whole country in 1994 reaching US\$ 77 billion, sale of foreign exchange for trade accounting for US\$ 61.4 billion and the net settlement of foreign exchange for trade amounting to US\$ 16.6 billion. While settlement of foreign exchange for non-trade was US\$ 16.5 billion, sale of foreign exchange for non-trade US\$ 6 billion and net settlement of foreign exchange for non-trade US\$ 10.05 billion. Reserve of foreign exchange in China grew by 100 percent compared with early 1994 and therefore, China's foreign-related payment capacity and integrated national strength were enhanced.

China would put inflation under control and this work would be carried out in the work on foreign exchange control, said Mr. Zhu. The country will further perfect and promote reform on foreign exchange system, strictly control scale of its foreign debt, raise efficiency in utilization of foreign capital and at the same time, change its administrative functions. Meanwhile, it will strengthen its supervision over capital-related items, crack down on illegal transaction of foreign exchange and rectify the foreign exchange market.

***Article Views Foreign Capital Utilization Needs**

95CE0217A Chongqing GAIGE [REFORM] in Chinese
No 6, 20 Nov 94 pp 79-87

[Article by Gong Cheng (7895 2052): "Strategic Thoughts on Attracting Foreign Investment on New Terms"]

[FBIS Translated Text] Since reform and opening, China has achieved enormous success in attracting foreign investment for faster development. Our economic development and reform have now both entered new historical phases. How to continue to open up wider and utilize more foreign capital better in line with China's own needs and the changed overseas climate, grounded in our own might, is a strategic matter affecting whether we can seize this chance of a lifetime to complete China's economic "takeoff."

I. The New Terms Facing China's Use of Foreign Capital

China's 15 consecutive years of rapid economic growth has aroused ever more interest among international capital. Western economies have recently recovered and certain arguments are also appearing overseas that express doubts about China's economic prospects, but this has certainly not changed the generally favorable climate, leaving foreign capital continuing to favor the Chinese economy.

But much attention needs paid to the fact that in most recent years, the composition of the international capital that aspires for access to China has undergone a great

change, with the climate of our use of foreign capital also having experienced a sharp change.

1. The capital coming from developed European and American nations has increased rapidly, with most well-known transnational corporations having already begun or just searching for ways to gain access to China; this will gradually change the order in which medium and small Hong Kong and Taiwanese investment firms have the absolute advantage.

2. While international finance capital is some dozen years behind industrial capital, once it starts, it will come with surging force. The capital that makes up 70 percent or even more of international long-term money markets is supplied not by the manufacturing industry or service trades, or even by the banking profession, but rather by all sorts of pension funds, investment funds, and insurance companies. While this finance capital seeks steady returns, it certainly is not invested in running factories or engaged in production or trade activities of any sort. It rather seeks direct or indirect (through all sorts of investment corporations and stock companies) investment in China, injecting capital in forms such as stock trading, share capital financing, and setting up funds for share participation in a quest for earnings. But due to blocked channels in areas such as systems and laws, this capital finds it very hard to gain direct access to mainland China, so is sharply concentrated in Hong Kong, having created a variety of "China concept stocks," established over 40 "China funds," and briskly elevated in a very short period of time the whole Hong Kong stock market to world-shocking heights.

3. Foreign commercial banks also have also intense aspirations to open up business in China. While foreign banks provide mostly settlement services and short-term capital, they have also become ever more involved in recent years in long-term lending. In 1992, China borrowed \$1.78 billion from foreign commercial banks, this figure rose to \$2.85 billion in 1993. While this accounts for a small percentage of both our overall real use of foreign investment and our gross foreign borrowing, it is growing at a very fast pace. And while our "three kinds of foreign trade" enterprises that are growing by leaps and bounds provide particularly favorable terms for the expansion of business fields, foreign banks are certainly not satisfied with that, with their greater objective being to obtain permission in the future to engage in renminbi business, a day which is also bound to come.

4. The phenomena of domestic enterprises going abroad to buy shell companies for exchange listings and foreign firms directly buying Chinese enterprises have also appeared. While such cases are still quite limited, they are very conspicuous. The domestic cause of these phenomena is that certain state enterprises have long been in trouble. And while certain other enterprises are now quite well managed, they lack the funds to upgrade their technology, and direct reorganization to joint-stock companies through selling shares to raise money is also very

complicated, so they want to solicit foreign capital. The external reason is that the international money market favors China but cannot acquire smooth access. Since buying shell companies for listing or foreign firms buying a group of enterprises to organize into a holding company for listing conform constitutionally and legally to overseas share-listing standards, such share sales are generally quite successful.

5. Preferential loans by the IMF and foreign governments can no longer remain at their former scale. The World Bank has clearly announced that in light of the sustained growth of the Chinese economy, with its steadily growing might, soft World Bank loans will clearly be reduced, and World Bank support priorities will shift from infrastructure projects to fields such as environmental protection and humanities education. Japanese government loans are expected to continue as, except for specific historical factors, Japanese loans are still favorable to promoting Japanese exports, with loan yields per se very high (because although yen-loan interest rates are not high, the exchange rate trend continues to steadily appreciate), and there is no commercial risk. Other foreign government loans have always been limited in amount, being generally all of an export-credit nature.

These changes are bound to have an impact on the form in which China attracts foreign investment. In the past dozen some years, China has mainly attracted foreign investment in two ways: 1) Direct investment by foreign firms setting up "three kinds of foreign trade" enterprises, in which foreign firms engage directly in production and operation activities, so that they all generally come from the fields of manufacturing industries or service trades. 2) Foreign borrowing by China, generally by the government, with the loan providers being mainly the IMF or foreign governments, as well as a few foreign banks. But these two forms at most times are not suited to international finance capital. Pension funds, insurance funds, and all sorts of reciprocal investment funds, determined by their nature, aspire to adopt the investment form of long-term stable return, low risk, high capital liquidity (realizable at any time), and low direct management costs. As our two existing investment forms do not meet the needs of international finance capital, through a period of selection, the following new forms of access have appeared: 1) Buying the listed shares of investment or shareholding and holding enterprises in China, or those of related enterprises, with these enterprises then reinvesting most of the so-acquired capital in mainland China; 2) organizing "China funds" abroad to buy B shares listed in Shanghai and Shenzhen and "China concept stocks," and some planning for direct investment in Chinese enterprises in share-participation form (where progress is still not very favorable); 3) Buying Chinese government and financial institution bonds sold on the international money market; such bond financing began several years ago, but is still quite limited in scale; 4) helping Chinese enterprises get listed on overseas stock markets; and 5) cooperating with

concerned domestic Chinese industrial sectors to set up foreign capital "investment funds." In 1993, we attracted \$1.37 billion in foreign investment through stock and bond sales, which made up 3.7 percent of our real use of foreign capital. But these figures certainly do not represent the whole scale of access to China by international finance capital, as a very large part of direct foreign investment ultimately actually comes from international finance capital.

The two major ways in which we have long been accustomed to using foreign capital are now being challenged. As to foreign borrowing, since IMF and foreign government resources are limited, particularly preferential loans from these sources, continuing to maintain their former scale will be bound to mean expanding our scale of bond financing on the international money market, or expanding our scale of borrowing from commercial banks. While direct investment by foreign firms once played an exceptionally positive role, providing not only funds, but also technology, management, and even mechanisms to draw on in our enterprise reform, past direct investment by foreign firms was concentrated mostly in the field of manufacturing industries with small-scale investments and fast results. The problem we are running into now is that our textile, garment, toy, household electronics, and other light and ordinary machinery industries, and even some of our raw materials industries, have all reached or are approaching market saturation. As the new fields in which foreign firms seek further access are ones in which either we or their own governments will not allow them to engage, their room for expansion is very limited. While we absolutely and without reservation welcome investment by foreign firms in high-tech industries, the governments of developed nations and even nongovernmental bodies from many places invariably restrict establishment in China of production bases for genuine high-tech industrial projects or the proliferation of technology to China. As for expensive consumer goods industries in mature civilian technologies, such as cars, VCRs, and camcorders, while foreign firms have seen China's huge market potential and are doing everything possible to find ways to get in and set up factories, including bringing in whole sets of production technologies and equipment, we are restricting them severely out of a number of considerations. In basic industry, while on general principles we encourage investment by foreign firms, certain lines, such as agriculture, water conservancy, and coal, involve very low anticipated returns. Others, such as oil prospecting, involve great risks. And yet others involve particularly large investment scales and especially long payback periods, such as especially large power stations, long-distance expressways, and airports, which ordinary foreign investors cannot undertake. Sectors such as telecommunications, railways, and oil recovery, are ones that we see as affecting our national sovereignty and security, so we certainly do not want direct foreign investment or operations in them. While our raw materials industry is more suitable, with foreign firms already

having many projects, such as industrial chemicals, petrochemicals, cement, glass, and other building materials, this field is also subject to problems, such as large initial investments, long payback periods, a great deal of idle international production capacity, and foreign exchange self-balance difficulties. In short, there is a large gap between foreign-capital access demands and our expectations, so that our industries in most need of reinforcement can make very little use of foreign capital. This is probably one of the reasons why our use of foreign capital has recently been declining steadily, as well as very likely being one of the deepest problems.

We certainly need to make a conscientious inventory of the actual limits of our use of foreign capital on these new terms, adopting the most favorable form to attract foreign investment.

II. On Adjusting Our Foreign Capital Makeup To Bring It Into Line With Our Industrial Upgrading Needs

Since reform and opening, China has successfully resolved chronic structural flaws created by our traditional planned economy, essentially reversing its order of "overemphasis on heavy industry, underemphasis on light industry, and stagnant and declining agriculture." Since the Eighth Five-Year Plan, our glaring structural problems have become weak basic industries, with new mainstay industries not established, high-tech industry undeveloped, and too low a percentage of tertiary industries. Of course, we are also experiencing structural adjustment problems within all industries, as well as urbanization problems in all rural areas. Solving these problems will necessarily require a huge additional investment. And while our gross domestic savings rate has reached heights rare throughout the world, it is still unable to meet needs, meaning that use of foreign capital is unavoidable.

Of all of these problems, I hold that the most crucial key link will be to strengthen our basic industries. While basic industries should become our future priority in using of foreign capital, necessarily ranking first in scale, use of foreign capital for basic industries must be based on consideration of their particular features. While infrastructure areas such as transportation, communications, and power and water supplies, are more of a public nature, more monopolistic, and industries at the pulse of our national economy, with large investment scale and slow capital return, they are also low in risk and bring steadier returns. The more ideal form would be to finance them on the international money market, and then have domestic enterprises invest in and run them. Railways, ports, airports, air carriers, expressways, and telecommunications are most suited to fund-raising through overseas stock and bond sales, while retaining China's stock-control position, with domestic enterprises doing the particular operations. But this absolutely does not exclude direct foreign investment, with a selective deregulation of certain projects in forms such as BOT (building—operation—transfer) and certain branches such like feeder rail lines.

Basic industries such as power, raw materials, and building material industries, should be gradually expanded as fields open to foreign firms. While we could in principle allow foreign investment and operation, we also need to intensify our efforts to raise funds for these industries through providing existing domestic enterprises access to the international money markets. I hold that certain oil, power, metallurgy, industrial chemical, petrochemical, and building material enterprises are now basically qualified so that, assuming further reform of their internal forces and financial systems, they could borrow foreign capital through forms such as stock issues and selling some of their share capital.

As for industries such as machinery, electronics, and automobiles, the state should set development strategies and corresponding policies to attract foreign investment by industry. We generally need to clarify two points: 1) We need to encourage existing enterprises to form joint and contractual joint ventures with foreign firms; 2) we need to select a number of enterprises or projects for priority support, giving precedence to allowing them to attract foreign investment in forms such as selling stock and bonds abroad or through investment funds.

As to sophisticated high-tech industries and low-profit farming, forestry, and water conservancy development, we could adopt the following two countermeasures: 1) They should be run by domestic enterprises, with government borrowing or secured borrowing for fund-raising, and enterprise input and use; 2) we could encourage foreign investment with more preferential terms such as providing land for use free of charge, or long-term low taxes or tax exemptions, or even a combination of the two.

As to ordinary manufacturing industries and service trades, we should continue to encourage direct foreign investment and other forms of attracting foreign capital. Some service trades such as banking and commercial retail sales, should be gradually opened up to foreign investment, with other fields such as S&T and education attracting foreign investment faster.

Access to our real estate industry by foreign firms should be somewhat restricted. While we could link the acquisition of development rights to infrastructure construction investment by region and field, domestic enterprises could be financed by overseas money markets to increase their development capacity.

These ideas on our use of foreign capital, in contrast to our past model, have continuity while also sharply changing. The greatest changes are in our industrial priorities for the attraction of foreign investment from ordinary manufacturing industries to basic industries and capital- and technology-intensive ones, from mostly medium and small projects to mainly large and medium ones, from predominately direct foreign investment and government borrowing to mostly enterprise financing on money markets, from mainly setting up new enterprises

to mostly upgrading existing ones, and from mostly relatively passive attraction to mainly selectively active attraction.

These changes conform to China's industrial upgrading needs, as well as to international finance capital needs to expand investment in China, to our need to speed up reform of large and medium state enterprises, as well as to our need to maintain the independence and autonomy of our national industry and economy. We can no longer be dependent on direct foreign investment to solve our problem of lagging development of basic and high-tech industries, even though we still achieved amazing successes in attracting much foreign investment in ordinary manufacturing industries, despite past system and external climate burdens. While this used to be more a positive than a negative factor, it can no longer be maintained and is likely to become less positive than negative. Japan and South Korea prohibited direct foreign investment during their periods of rapid economic growth, with their use of foreign capital, except for U.S. government aid and gifts, being mostly securities financing and loans. While the difference was that Japan used mostly corporate fund-raising and South Korea mainly government debt, both of these countries opened up to direct foreign investment only after the 1980s. As we are now qualified to make active selections, we absolutely must not miss out on this opportunity. Unless we take the initiative to upgrade our own basic and mainstay industries, we will ultimately be forced to open up their operation to foreign investment.

To ensure that these changes become realities as quickly as possible, we will need to emphasize two most crucial and closely interrelated links.

1. We need as quickly as possible to familiarize ourselves with and actively master all fund-raising rules and technologies on the international money market in the forms of securities, funds, or commercial loans.

2. We need to accelerate the corporate structural reorganization of our existing large and medium enterprises, using a modern business system to rationalize property rights relations, relations between government administration and business management, and all relations within enterprises. Otherwise, it will be hard for our enterprises to gain access to the international money market and hard for them to keep their footing once they do.

This brings up a matter that needs particular clarification, namely, the comparative advantages and disadvantages of stock and share-capital financing versus bond and borrowing financing. We hold that as these two financing methods have their respective advantages and disadvantages, and since either is apt to be emphasized, chosen, or paired in line with place, time, and industrial ownership, we cannot simply emphasize one at the expense of the other. A currently most prevalent view, as well as a most dangerous one, is that many people, from enterprises to government officials at all

levels and from ordinary managers to economists, generally hold that selling shares or share capital is better than selling bonds or taking out commercial loans, as the former do not need to be repaid, while the latter must be when due. But in fact, even disregarding the ownership control matter to deal with earnings distribution alone, generally speaking in a country whose economy has begun to take off, if its basic and mainstay industries have bright prospects, the price and share-interest income that foreign investors can earn from stocks certainly clearly exceed the returns earned from bonds in most areas. If we say that bonds and loans are limited liabilities, then stocks and share capital are unlimited ones. While overseas companies that are well run or have good prospects sell bonds in large amounts, they certainly do not rashly increase capital and expand shares. It is certainly not accidental that the scale of the world's debt market has always sharply exceeded that of its share capital market. But despite this, we still hold that share capital financing must not be underrated, as it has its advantages for enterprise system reform, for easing our share capital investment shortage, for those high-risk projects, and even sometimes for expanded fund-raising in debt form, which will be even more true in the short term.

This advocacy for fund-raising through selling bonds will still very likely be unable to overcome the misconceptions. We have long treated taking on debt (particularly foreign debt) very cautiously, with the basic problem being that we were concerned about repayment difficulties, or the occurrence of a terrifying debt crisis. But this is no longer a qualitative matter, rather needing quantitative analysis: What is the real state of our debt service capacity?

III. The Matter of Opportunity and Risk in Using Foreign Capital

The use of foreign capital first involves a foreign exchange balance problem. Direct foreign investment requires guarantee of external profit remittance, with borrowing necessitating repayment of principal with interest, and stock sales also needing bonus and interest payments, all of which mean the use of foreign exchange. We will now study and analyze several aspects of China's advantages and potentials.

1. Our Debt Service Ratio and Debt Rate Are Both Well Below the Warning Lines.

The basic international statistical indexes to measure a country's use of foreign capital are the debt service ratio and the debt rate.

The debt service ratio is the ratio of gross annual interest and amortization costs to the sum of commodity and service exports. State Administration of Exchange Control data show that China's debt service ratio was 9.7 percent in 1992 and 7.3 percent in 1993. The debt rate is the ratio of overall foreign debt balance to the sum of commodity and service exports, which in China was 94.5

percent in 1992 and 90.7 percent in 1993. As the internationally recognized warning lines are 20-50 percent for debt service ratio and 100 percent for debt rate, China is obviously well below the warning lines. The debt rate seems to give the impression that there is no leeway, which in fact is not so. As long as our foreign debt growth rate is lower than our export growth rate, this index will not go up, leaving much latitude for foreign borrowing.

While the computation specifications for debt service ratio and debt rate can differ somewhat, when making international comparisons, we must act in line with prevailing international norms, or our figures will not be comparable. Some computations of our debt rate and debt service ratio are higher than the above figures, because they exclude either noncash-income or foreign-invested-enterprise (FIE) exports, which shrinks the denominator, naturally making the derived figure higher. Such computations and international comparisons are unscientific as, while there are of course nonexchange-earning exports, there are also nonexchange-payment imports, so that the two cancel each other out, and when "three kinds of foreign trade" enterprises include our foreign debt balance in their foreign debts, their exports naturally also should be included in our gross exports.

While China's foreign debt has certainly not seen much of a increase in the most recent years, interest volatility has obviously raised our foreign debt balance every year, leading some to cry out in alarm that China is already the world's third largest foreign-debtor nation. But in fact, this certainly does not conform to reality. The world's largest debtor nation is the U.S., not a developing country and, even among developing countries, Latin American countries such as Brazil, Mexico, and Argentina, all exceed China, with Asian countries such as India and Indonesia, having about the same foreign debt scale as China. And based on population average, China's debt is only a little more than \$70 a person, making us one of the countries with the world's lightest debt burdens. South Korea has long maintained debts more than 10 times China's, while Hungary's are now about 30 times China's.

2. Our Balance of International Payments: Four Consecutive Years of Enormous Net Capital Outflow.

Our debt service ratio or debt rates also certainly do not completely reflect the state of the foreign exchange balance in our use of foreign capital, as there is still a lot of direct foreign investment that is not included in our gross foreign debt. By the end of 1993, direct foreign investment had accumulated to about \$70 billion, approaching China's foreign debt balance. Foreign investment naturally involves outward remittance of profits and other earnings. But similarly, China's foreign exchange earnings also do not come from commodity and service exports alone, but also from various transfer payments, particularly capital inflow.

As the above calculations were petty accounts, let us now calculate our general accounts. As to the sum of the current and capital accounts in our international balance of payments in recent years, it is very hard to reach the conclusion that China's foreign exchange is in short supply. This conclusion is grounded on China's net capital outflow from 1990 through 1993 of more than \$10 billion a year, meaning that while more foreign capital was coming in, our idle capital outflow was even greater. In 1993 for instance, our service trade and short-term capital inflow-outflow were both essentially balanced, with a trade deficit of \$12.2 billion, and long-term foreign debt repayment of \$8.5 billion, but these two expenditure shortages were made up by long-term capital inflow, leaving a \$16 billion-plus surplus (our real use of foreign capital for the year was \$36.77 billion). While a small part of this \$16 billion-plus probably went to external foreign-investment-profit remittances, most of it was capital outflow, mainly bank conversions to deposits, purchase of foreign government bonds, and direct investment abroad (including annual investment in buying Hong Kong real estate). In the three years prior to 1993, while our use of foreign capital was smaller in scale, we had trade surpluses all three years, of \$8.74 billion in 1990, \$8.12 billion in 1991, and \$4.39 billion in 1992. As to new incoming foreign capital, above and beyond that used to repay foreign debts, we still had a surplus which, in addition to our trade surplus, left over \$10 billion a year not used by our domestic economy, forming a net capital outflow. But as China's foreign exchange control actually was not rigorous, with much capital outflow not included in statistics, it was usually expressed in our international balance of payments as a negative number by omission or error, which item reached a high of \$8.4 billion for 1992. Even so, the foreign exchange balance of China's special banks has grown rapidly, now topping \$30 billion. Before 1992, our special bank foreign exchange balance was also included in our national foreign exchange reserves, so that computed by that specification, China's current foreign exchange balance has topped \$60 billion, long since far exceeding the essential reserve needs of the state and banks. For a developing country with an economy suffering from severe "bottleneck limitations," such a huge amount of idle foreign exchange capital (which by flowing back to the international money market could earn pretty profits), must be called an alarming waste. Many foreign experts are very perplexed about this.

As the basic aim of the later-developing countries in attracting foreign capital is to make up domestic-accumulation shortages, to speed up construction such capital has two major uses: 1) Importing more international resources, or using it to pay trade deficits; 2) a derived use, repaying due foreign debt principal and interest, and balancing external foreign-investment-profit remittance. Countries or regions whose economies are taking off generally sustain trade deficits, meaning that they are using too much foreign resources, not vice versa. For instance, in the 24 years

from 1946 through 1969, Japan achieved minuscule trade surpluses for only three years, sustaining trade deficits for all of the rest. Before 1970 in Taiwan and before 1985 in South Korea, most years saw more imports than exports. In the dozen years from 1978 through 1989, China achieved only two years of limited trade surpluses, showing that our effective use of foreign capital was normal. But in the last four years, our foreign capital inflow has been multiplying in scale, with the first three of these years bringing sustained obvious trade surpluses, and, while we had a trade deficit in 1993, it made up only one-third of our use of foreign capital. This coincides completely with a gross capital net outflow of nearly \$50 billion, meaning that these are in fact nothing more than two aspects of a single matter.

As to our balance of international payments in the last four years, China is actually capable of practicing full renminbi convertibility on limited terms. As long as we bring all foreign trade and capital exchange earnings under uniform supervision and control, requiring that they be converted to renminbi for use, normal imports or other overseas payments that genuinely need foreign exchange are all ensurable. But abnormal overseas investments such as purchases of foreign government securities and real estate, need to be strictly restricted. Our large investment in Hong Kong merits study. While an inflow of Chinese capital contributes to the maintenance of Hong Kong's prosperity, paying a high price to buy assets while real estate and stock prices are skyrocketing is likely to provide excellent opportunities to get rich through other capital flight.

Despite such an international balance of payments, many still hold that it is hard for us to maintain a foreign exchange balance, that it is too early to merge our exchange rates, and even that the exchange rate of the renminbi to the U.S. dollar needs to be devalued to 1:15. Is this not strange?

3. Medium and Long-Range Renminbi Exchange Rate Trends.

Changing exchange-rate trends have a crucial impact on risk and returns from the use of foreign capital. As for foreign investors, if the renminbi steadily devaluates in relation to foreign currencies, then part of their investment returns will be eaten up by exchange rate volatility; they will get less when converting to renminbi at investment time, while obtaining more at recovery time. But in the opposite case, they will get more when converting to renminbi at investment time, and less at recovery time. This is similar to China's interests, in that if the renminbi exchange-rate trend appreciates, this means that our interest and amortization burden will gradually lighten. If \$100 converts to 800 renminbi when borrowing abroad, but \$100 converts to only 600 renminbi when repaying foreign debt, that will naturally be very profitable.

International experience shows that during periods of economic takeoff, local-currency exchange rates generally go through a process first of devaluation and then

appreciation. After a dozen years or so of sustained devaluation, China is now at a turning point, with the general coming trend being that the renminbi exchange rate is bound to gradually appreciate.

In postwar West Germany, the exchange rate was 4.2 marks to the dollar, with the mark basically maintained at four to the dollar from 1961 through 1958, after which it began to rise in value to reach 1.56 marks to the dollar by 1992. The Singapore dollar was set in 1965 at an exchange rate of 3.06 to the dollar, beginning in 1970 to see a slight appreciation trend, which grew steadily with some volatility to reach 1.63 to the dollar by 1992. In 1963, Taiwan set its official exchange rate at \$40 NT to the dollar, which was maintained until the early 1970s when it began to fluctuate, appreciating slightly with regular reversals, and recovering by 1983 to 40.2:1, since when it has appreciated faster to reach roughly 25:1 at present.

This in fact is still only superficial exchange-rate change, or nominal exchange-rate change, not considering the inflation of these countries and regions or the changing domestic buying power of their currencies, which can be called the real exchange-rate change. Corrected for this factor, the exchange rate volatility of these later-developed countries and regions was much greater. In the past several decades, only West Germany and Singapore had consumer price indexes slightly lower than the U.S. In South Korea from 1960 through 1981, except for two years that were exceptions, the consumer price index was in double digits all of the time, topping out at 30 percent, and falling back from 1980 through 1990, but still being obviously higher than in the U.S. It is thus obvious that without the concealment of the inflation factor, the South Korean won's appreciation in relation to the U.S. dollar would have appeared earlier, with the appreciation being much greater. And Taiwan's consumer prices from 1950 through 1980 also rose markedly more than in the U.S., with Taiwan experiencing somewhat more price volatility, topping out at 47.5 percent (1974), and bottoming out at only -0.1 percent (1965).

A theoretical analysis shows that backward countries need a currency exchange rate lower than its purchasing power parity, but that once their economies begin to take off, their exchange rate needs gradually to approach its purchasing power parity, with the local-currency appreciation potential seen in the gap between the exchange rate and its purchasing power parity.

Purchasing power parity is a comparison of the real purchasing power of two countries' currencies in their respective countries, or maintaining the same living standard, spending a certain amount of money in country A, and spending the same amount in country B, and then mutually correcting to make a price comparison.

Exchange rates are a comparison of the prices of tradeable goods and services in two countries' currencies, involving whether goods and services have access to

international exchange, not whether goods and services have access to consumption, so they are obviously different in scope. As backward countries have much less tradeable goods and services than developed nations, their exchange rates are bound to deviate from their purchasing power parity.

As economic development accelerates, with foreign economic and trade relations expanding, the goods and services of later-developed countries gain increasing access to international exchange. As this enables their advantage of cheap labor to be brought into play, their exchange rates need to be adjusted, with their local currencies starting to appreciate. This was the case in all of the countries and regions mentioned above.

During China's 15 years of reform and opening, as our foreign trade exports have grown at an average of 16.1 percent a year, with our international tourism industry rising rapidly, and other service exports also growing very quickly, the renminbi exchange rate with foreign currencies cannot fall further, with short-term volatility of course being unavoidable. If our inflation rate remains obviously higher than that of developed nations, the renminbi appreciation trend may be concealed, but not reversed. In fact, if we look at conversion market and black market exchange rates alone, the renminbi has clearly seen real appreciation from 1988 to the present. As the rate reached \$1 to eight renminbi in 1988, with the subsequent five years seeing consumer prices up about 100 percent in China but only around 20 percent in the U.S., converted to 1988 prices, our current exchange rate would be \$1 to just over five renminbi. As certain foreign governments are criticizing China for intentionally devaluing our currency, this fact proves their criticism to be unfounded.

Overseas figures of insight have long since noted the renminbi appreciation trend. The Japanese Societe Generale Bank advisor and economist, Mr. Hsiao Lin-shih [1420 2651 1395], has predicted that within three to five years, the renminbi exchange rate will top 3 yuan to the dollar. Corrected for inflation, his prediction is certainly not impossible. Many foreign investors wish to increase their investments in China precisely because of the expectation that renminbi appreciation will bring them huge nonoperating profits. This is exactly how foreign investors achieved such rare successes years earlier in Japan, South Korea, Taiwan, and Singapore. Despite our high inflation rate, the renminbi's high interest and returns rates, particularly its exchange rate appreciation, is a great allure that is hard to withstand. As international foreign exchange speculators are already spying out opportunities to speculate in renminbi, we need to be maintain vigilance.

4. The True Risk Is Inefficient Capital Utilization.

As to the above analysis of China's foreign debt situation, our current balance of international payments, and the medium and long-range renminbi exchange rate trends, China has now and will have for some time to

come exceptionally favorable terms for increased use of foreign capital. As long as we have social and political stability, with sustained economic growth, it seems that there will be no risk for us in using somewhat more foreign capital.

But with regard to our existing system, unfavorable factors certainly do exist, in that our unsuitable system is likely to cause a marginally efficient or even inefficient use of imported capital, which will create problems, particularly greater risk when we take the initiative to attract foreign investment.

Imported foreign capital should now be slanted toward basic and mainstay industries. These fields have more stable market prospects and social results per se, which are quite favorable factors. While they have little capability to generate direct foreign exchange earnings, they can indirectly promote increased exports of goods and services, so that the foreign exchange balance of our overall economic system will not be a problem. The difficulty is that these industries are precisely the fields that have been most affected by our planned economy, the ones in which our "one-big-pot" tradition is deepest and broadest. So we need to remedy this by closely combining attraction of foreign investment with establishment of a modern enterprise system. The government should not finance industries that can be financed in other ways, with state banks or nonbank financial institutions not financing and the government not putting up security where that is not necessary. In short, while expanding enterprise authority, we need to do all that is possible to increase enterprise responsibility and pressure. As for essential qualifications, industries such as air carriers, water shipping, power, telecommunications, oil, petrochemicals, railways, expressways, metallurgy, industrial chemicals, automobiles, and electronics, can all be put onto the track of enterprise self-financing. The fields that need government financing are mainly ones such as ordinary road, water conservancy, and agricultural infrastructures, certain urban subway, environmental protection, and backward-region infrastructures, and cutting-edge technology development projects, in short, those projects that cannot be completely operated commercially or cannot achieve normal profitability. A state development bank could become one of the fund-raising institutions specifically representing the government, with the government also selling bonds for direct fund-raising. And while state revenue would undoubtedly have to provide the security for such fund-raising, even in these fields we need to do everything possible to establish enterprise investment risk and bank loan-conversion risk restraint forces. They must not become "one-big-pot" projects with no one liable for them.

For enterprises to have access to international market financing, they must first become genuine corporations. In experimenting with selecting a group of enterprises to be listed abroad, we have accumulated certain experience. For enterprises to sell bonds abroad, they need to

do a similar job of workforce conversion and system establishment. In the future we can become more flexible about selecting a combination of the two forms of share-capital and bond financing, such as issuing convertible bonds. The best general model would seem to be a combination of "small share capital" with "large bonds."

With regard to the system factors impacting capital use, some industries are also subject to a monopoly problem. With man-made monopolies in certain industries, such as oil and petrochemicals, where a ministerial-equivalent national head office does the fund-raising and coordination, it is very hard to avoid the many flaws of administrative-type management, as well as hard to be accepted by the international money market. So we need to select the next group of enterprises to be reorganized first into limited liability or joint-stock companies, and then to sell stocks and bonds abroad. While certain industries seem to be natural monopolies, such as railways and telecommunications, such industries can still be appropriately guided into competition. For instance, railways can be reorganized into line- or region-based companies, with such pilot programs already underway; and telecommunications can be divided into long-distance and urban telephone services, as well as being distinguished by infrastructure operation and direct customer service. In short, we need to break free from the "one-big-pot" order in which government assumes unlimited liability.

Along with enterprises becoming overseas fund-raising players, the government also needs to do a good job of planning and guidance. Basic and mainstay industries differ from ordinary manufacturing industries in that full deregulation to free development will not do, with detailed government planning needed on an industry-by-industry basis. Particularly large projects can be set up after cooperation by government and the business world, with the competitive bidding method used to select enterprise or enterprise group liability.

IV. Steps That Need Taken in the Immediate Future

1. We need to intensify our overseas propaganda and more fully explain China's economic realities to eliminate in a directed way the concerns of overseas investors, particularly institutional investors. With regard to inflation, we need to explain not only its causes, but also the forces limiting its growth. For instance, while unchecked investment is a factor, government macroeconomic regulation and control is already having an impact; while cost-pressure is a factor, our domestic high-savings tendency is a limiting factor; in short, we absolutely will not lose control. As to the matter of re-employing surplus state-enterprise personnel, we need to explain both difficulties encountered in structural adjustment on one hand, and the very low percentage of tertiary industries, with their great development potential that can absorb up to 100 million jobs, in China, on the other.

2. We need to speed up the pace of domestic enterprises going abroad for financing in two areas. 1) As to better-qualified existing basic and mainstay industries, we need to select somewhat more to be pushed into going abroad to get listed, sell bonds, or start to prepare to do so. 2) We need to choose certain crucial projects in "bottleneck" industries to be turned into corporations as soon as possible, for overseas financing. For instance, ones in the planning stage, such as the Beijing-Shanghai expressway and the Nanjing-Xian railway, or ones that are under construction but short of funds, such as the Nanjing-Kunming railway and several large hydropower projects.

3. We need to intensify reform of our foreign exchange management system. The "front door" needs to be opened wider, with "crooked avenues" closed off tighter, to bring FIE trade actions into line with a uniform exchange settlement system. Direct investment by new foreign firms, except for equipment investment, needs to be uniformly converted into renminbi, while foreign firms need to be supplied with exchange for normal external profit remittance. We need to provide exchange in a limited way to individuals for tourism costs, while strictly controlling the bringing in of foreign exchange by those entering the country, adjusting our exchange-speculation disparity, and suppressing the foreign exchange black market. We need to tighten our control of capital outflow, strictly examining direct investment abroad and bank capital transfers, and cutting back the huge foreign exchange position of special banks. We need to urge banks to take more flexible and binding steps in providing foreign exchange loans to domestic enterprises, including joining with foreign banks to make loans to them, to reduce overseas finance investment.

XINHUA Commentary on Monetary Policy

OW2701063895 Beijing XINHUA Domestic Service in Chinese 0157 GMT 20 Jan 94

["Weekend Economic Commentary" by XINHUA reporter Ding Jianming (0002 1017 6900): "How To View This Year's Moderately Tight Monetary Policy"]

[FBIS Translated Text] Beijing, 20 Jan (XINHUA)—The National Financial Work Conference, which just concluded in Beijing, clearly put forward that we should carry out a moderately tight monetary policy this year. As the Central Bank's monetary policy will have a great impact on economic and banking operations throughout the entire year, the announcement of the Central Bank policy has drawn immediate and extensive attention from various circles.

Why does the Central Bank want to implement such a monetary policy? And how should we view "moderate tightness?"

It has been learned that the moderately tight monetary policy was put forward by the Central Bank in line with the current grim situation of inflation. Although China

made major progress in various reforms in 1994; maintained momentum for sustained, rapid, and healthy economic development; and greater progress was made in improving people's lives, some problems, which should not be neglected, still exist in economic life. Skyrocketing commodity prices are a conspicuous issue and the rapid increase in money supply is a financial problem. There are many factors that contributed to last year's inflation, such as rapid increase in investment in fixed assets and consumption funds, stagnancy caused by excess currency issuance, inadequate supply of some farm and sideline products caused by serious natural disasters last year, and price increases caused by distribution disorder and market irregularity. It is widely known that serious inflation will cause economic disorder, resource misallocation, interest distortion, supply and demand imbalance, and great damage to sustained, rapid, and healthy economic development; but it will also create a number of social problems. Therefore, the central authorities have decided to make the curbing of inflation a top priority in this year's economic work. Stabilizing currency value is the Central Bank's fundamental duty. Therefore, under current conditions, it is an inevitable option for the Central Bank to adopt a moderately tight monetary policy to curb inflation and stabilize currency, so as to ensure sustained, rapid, and healthy economic development.

Certainly, the purpose of the Central Bank implementing a moderately tight monetary policy is not to "bring to a halt," but to promote sustained, rapid, and healthy economic development. The Central Bank implemented a tight monetary policy in the latter half of 1993. It mainly adopted the "block the evil ways and open correct paths" approach, rather than the approach of "finding a single solution for diverse problems" in tightening the money market. In implementing a monetary policy to control credit volume in 1994, the Central Bank made rational credit scale arrangements in every quarter in line with economic conditions and did not tighten credit volume in an all-around manner. The basis for the Central Bank to adopt a moderately tight monetary policy this year is to control volume, readjust structure, and circulate funds. "Moderate tightness" means to moderately tighten the total money supply, but not to reduce the supply of funds for all enterprises. The state will still render credit support to farm and sideline product production and procurement, industrial production that yields economic results, and key state projects.

In implementing a moderately tight monetary policy, we should not only control credit volume tightly, but manage financial organs strictly as well. The Central Bank's monetary policy is conveyed to enterprises through financial organs. Therefore, the regular or irregular operation of financial organs is not only directly related to the effects of monetary policy, but to the stable development of the banking industry. Of course, to implement a moderately tight monetary policy we need to employ various economic policies in a coordinated manner. Although currency is created and provided by

the banking system, the amount of money supply is a comprehensive reflection of fiscal, investment, consumption, pricing, and balance of payments policies. Therefore, implementing a moderately tight monetary policy is not just an individual industry's policy, but an important policy in China's economic work; and requires close coordination and joint implementation by various localities, departments, and industries.

Money Supply in 1994 Stays 'Too High'

OW2701101295 Beijing XINHUA in English 0941
GMT 27 Jan 95

[FBIS Transcribed Text] Beijing, January 27 (XINHUA)—Money supply slowed down during the last quarter of 1994, but the whole year's growth was still too high, according to officials of the People's Bank of China (PBC).

The growth of broad money and narrow money, two major monetary indicators of the country, reduced by 2.7 and 5.7 percentage points in the fourth quarter over the previous quarter.

However, their yearly increases were "higher than normal", with the former reaching 34.4 percent and the later 26.8 percent compared with the previous year.

By the end of last year, the broad money and narrow money amounted to 469.33 billion yuan and 205.56 billion yuan, according to the central bank's latest statistics.

PBC's analysts attributed excessive money supply to the swelling fixed assets investment and consumption funds, as well as an increased fiscal expenditure.

Despite the Central Government's tight policy, the year-on-year investment in fixed assets still climbed by 35 percent in 1994, which in turn propelled the increase in wages and salaries to 40.5 percent, 10 percentage points higher than the increase for the previous year.

To buy surplus foreign currencies at the foreign exchange market, meanwhile, cost the central bank another 284.3 billion yuan, the PBC statistics showed.

In combating inflation, the central bank will implement a "appropriately" tight monetary policy by trying to limit the annual money supply growth within 25 percent for 1995.

Reduced money supply in the last quarter indicated that inflationary pressure began showing signs of abating, therefore, helping justify the central bank's monetary policy, according to officials.

But they insisted that whether the central bank could achieve its goal depends on an effective restraint of overall demand for the whole year.

Shanghai To Tighten Control of Finance, Money Supply

HK2601144795 Beijing ZHONGGUO XINWEN SHE
in English 1239 GMT 26 Jan 95

[FBIS Transcribed Text] Shanghai, January 26, (CNS)—According to sources, under the guideline of macro

economic adjustment policy formulated by the central government, Shanghai will tighten control of finance, money supply, gross volume of credit loans, resolutely curb inflation, focus limited capital on agriculture, six backbone industries, key items and, at the same time, raise quality of asset credit.

Mao Yingliang, director of the People's Bank of Shanghai, pointed out at a municipal financial meeting that it would be impossible to alleviate capital strain of enterprises just by means of increasing new loans. Only by raising efficiency of capital utilization and speeding up circulation of capital could the issue be solved. More money will be injected in agriculture by banks in Shanghai in order to produce more rice and vegetable. In industry, the banks will give privilege to those large and medium state-owned enterprises whose products are saleable and are able to bring in good profit and sure to repay their debts.

This year, Shanghai will vigorously develop financial market with emphasis laid on standardizing and developing financial market and form basically embryo of regional big market. Therefore, a big national capital market will be taking shape gradually. At the same time, the city will increase varieties of commodity settled in foreign currency in a planned way, try to handle long-term foreign exchange transaction, explore the way of issuing and circulation of foreign exchange bonds, inter-bank issuing loans in foreign exchange and transaction of foreign exchange bills as well as issue convertible foreign bonds. Foreign exchange market will be further developed to perfect its function.

Liaoning Savings Deposits Top 50 Billion Yuan

OW2601071195 Beijing XINHUA in English 0631 GMT 26 Jan 95

[FBIS Transcribed Text] Shenyang, January 26 (XINHUA)—The Liaoning Province head branch of the Industrial and Commercial Bank of China had absorbed over 50 billion yuan in savings deposits by January 10, 1995, according to an official of the branch.

The official said that Liaoning in northeast China and Guangdong in south China are the country's only two provinces with savings deposits topping 50 billion yuan.

The savings deposits of the Liaoning branch have soared tenfold since its establishment ten years ago, he said.

Eighty-five percent of the loans extended to state-owned manufacturers and 65 percent of loans to commercial companies in Liaoning come from the branch, he said.

At least half of the loans extended by the branch come from savings deposits, he said.

The branch has set up a network of more than 50,000 savings banks throughout Liaoning, 60 percent of which have computerized operations, he added.

Foreign Trade & Investment

Li Lanqing, Wu Yi Speak at Foreign Trade Meeting

OW2701052895 Beijing XINHUA Domestic Service in Chinese 0932 GMT 19 Jan 95

[By RENMIN RIBAO reporter Gong Wen (7895 7186) and XINHUA reporter Jiang Jun (1203 6511)]

[FBIS Translated Text] Beijing, 19 Jan (XINHUA)—At a national work conference on foreign trade and economic affairs, which was held from 17 to 19 January, these reporters were informed: Following the gratifying harvests in 1994, China will continue to focus on exports in this year's foreign trade and economic affairs and push foreign trade to a higher level by deepening reform.

Li Lanqing, vice premier of the State Council, attended the meeting and gave a speech.

In her speech at the meeting, Wu Yi, minister of foreign trade and economic cooperation, said: Last year the state launched a series of reform measures in fields of taxation, finance, planning, investment, foreign currency, and foreign trade. The reform measures in foreign currency and foreign trade, in particular, have solved some profound problems that had troubled state foreign trade enterprises for many years. These measures helped create a set of comparably equal and relaxed policies, aroused the initiatives of foreign trade enterprises of various kinds in expanding their export scale, and pushed China's foreign trade to a higher level. According to customs statistics, China's total trade volume of exports and imports reached \$236.7 billion last year, up 20.9 percent over the previous year. China's product mix of exports continued to improve. China maintained good momentum in attracting direct foreign investment. From January to November last year, China approved 41,185 foreign-invested projects with contracted foreign capital totaling \$68.191 billion, of which \$27.77 billion was put into actual use. The amount of foreign capital utilized in 1994 is expected to top \$30 billion. Although the number of newly approved foreign-invested projects and the amount of contracted foreign capital dropped compared to the same period of the previous year, the amount of foreign capital actually put to use increased 38 percent. New progress was made in other fields of foreign trade as well. In general, last year was a year of bumper harvests.

She pointed out: Despite the great achievements in foreign trade and economic affairs last year, we cannot be blindly optimistic. We are still faced with many difficulties and unfavorable factors this year. Foreign economic and trade departments at all levels and foreign trade enterprises of various kinds must understand the situation, foster more of a sense of emergency, and take specific measures to ensure that foreign trade will reach a higher level this year.

Wu Yi pointed out: Exports and foreign trade are priorities in the whole of foreign economic affairs in 1995. The foreign trade sector must improve the quality of exports and regard it as an important condition for expanding the scale of exports and increasing economic efficiency; control and lower the cost of exports; improve and perfect the methods of bidding for export quotas and expand the range of products for bidding; concentrate on the long-term task of adjusting and optimizing the product mix of exports and increasing the exports of technology-intensive machinery and electronic products and complete sets of equipments.

Wu Yi said emphatically: The rapid development of China's foreign trade last year mainly benefited from reform. This year, we will continue reform, reform in foreign trade enterprises in particular; accelerate the transformation of operational mechanisms in foreign trade enterprises of various kinds; guide enterprises to form groups and corporations; encourage enterprises to develop diversified operations internationally and expand their scale of operations; and vigorously facilitate the reform of the import management system.

In microeconomic regulation and control, we must specially tighten the operational order of imports and exports and forbid enterprises to force up prices and fight for commodities at home and lower the prices when competing with enterprises abroad. We must strengthen the functions of export and import trade unions, reform and perfect current regulations governing the rights to foreign trade operations, and establish and perfect the approval and inspection system for the rights to foreign trade operations. We must work hard to rectify the order of border and regional trade, encourage profitable state foreign trade enterprises to become the main force of border and regional trade, and harshly crack down on illegal acts and crimes, including (cheating on tax return procedures. We must strictly supervise trade fairs and exhibits set up in foreign countries and strengthen the coordination of contracted projects and labor cooperation to safeguard the interests of the state and enterprises. We must make progress in carrying out the strategy of developing a diversified market and upgrading product quality. We must conscientiously popularize and carry out the "Foreign Trade Law."

We must give priority to adjusting the industrial structure of foreign-invested enterprises; actively and effectively utilize foreign capital; and guide the flow of foreign capital to the fields of high technology industries, basic industries, and infrastructure projects. We must strengthen the management of exports and imports of foreign-funded enterprises according to law and continue to improve the investment environment.

Official Discusses Totals, Use of Foreign Investment

OW2701095295 Beijing XINHUA in English 0842
GMT 27 Jan 95

[FBIS Transcribed Text] Beijing, January 27 (XINHUA)—China used 34,120 million U.S. dollars-worth of

foreign funds last year, bringing the accumulated figure since China's reform and opening up started 15 years ago to 100.07 billion U.S. dollars, according to a Chinese senior trade official.

The official with the Ministry of Foreign Trade and Economic Co-operation (MOFTEC) revealed that China has approved a total of 221,718 foreign-invested projects, including the 47,000 projects approved last year.

To date, there are 100,000 foreign-funded enterprises in operation throughout the country, employing 14 million people. According to introduction, most of these enterprises are in good operation, with sales volume and profits increasing annually.

Statistics show that foreign-funded enterprises registered an import and export volume of 87,650 million U.S. dollars in 1994, up 30.7 percent over the previous year, and taking up 37 percent of the national total, compared with 34.3 percent in 1993.

Of that figure, exports reached 34.71 billion U.S. dollars-worth and imports amounted to 52.94 billion U.S. dollars-worth, increases of 37.6 and 26.6 percent, respectively.

Observers here hold that the use of foreign investment last year showed the following characteristics:

- Sectors encouraged by the government to introduce foreign funds, such as projects involving infrastructure, energy and transportation, are becoming hot spots for the investment of foreign businessmen.

- The overheated growth in fixed assets has been gradually put under control, and the investment in industrial projects has gained weight.

- Last year also saw internationally renowned transnational companies come to invest or increase their investment in China.

- The number of capital- and technology-intensive projects increased distinctly, with a comparative enhancement in the project quality.

Last year the average contracting foreign investment of the approved foreign-funded enterprises reached 1.71 million U.S. dollars, nearly 30 percent higher than the previous year's 1.33 million U.S. dollars.

The MOFTEC official believes that China's constant development in its use of foreign investment is closely connected with the country's political and social stability as well as its economic progress.

Foreign businessmen became more confident about their investment in China last year mainly because China further improved its investment environment, perfected its economic legislation, published relevant regulations

concerning exports and imports, foreign exchange and labor, which are related to the administration of foreign investment.

Although foreign-funded enterprises have played a considerable role in China's economic growth, MOFTEC would like to bring foreign investment into full play by readjusting the focus of foreign investment within the new year.

It is learned that China is scheduled to announce a list of industries in which foreign investment is most needed in order to guide foreigners to put their money into hi-tech fields, basic industries and infrastructure.

It is predicted that the foreign-funded enterprises will make new achievements in China along with the improvement of the investment environment and appearance of a more rational foreign investment structure.

Copyright Bureau Official on Opposing Piracy

HK2601124195 Beijing FAZHI RIBAO in Chinese 18 Jan 95 p 3

[Article by Shen Rengan (3088 0088 1626), deputy director of the State Copyright Bureau: "Oppose 'Piracy,' Safeguard the Rights and Interests of Authors"]

[FBIS Translated Text] The documents of the 21st Assembly of the International Publishers Association in 1980 defined "arbitrarily duplicating another's work under copyright protection without authorization of the copyright owner, payment of reward, or in most cases clear indication of the work's origin" as "an act of piracy." Such acts of piracy chiefly involve the duplication and circulation of publications, audiovisual works, movies, or computer software. Such acts are criminal behavior in violation of the copyright law of one's own country as well as the Universal Copyright Convention, injuring the legitimate rights and interests of the authors and disseminators of works of literature and art as well as science, seriously impeding the development of scientific and cultural undertakings, and hence constituting criminal acts.

"Acts of Piracy" Are a Universal Social Phenomenon

Long before the signing of bilateral agreements on copyright protection and the Universal Copyright Convention, the phenomenon of reprinting publications in refurbished versions for profit had been fairly universal in some European and American countries.

Today pirated copies of computer software have become the biggest headache to publishers' circles. According to Mr. Ken Wasch [preceding name published in Roman alphabet], responsible person of the U.S. Association for Publication of Computer Software, domestic piracy in the United States in 1993 alone incurred losses of \$1.6 billion to its members. If external piracy is included,

total losses could be approximately \$7.5 billion. Statistics of the American Confederation [lian meng 5114 4145] of International Intellectual Property Rights show that pirating of U.S. publications, movies, audio products, and computer software occurs in developing countries in South America, Southeast Asia and Africa, and is also quite serious in such developed countries as Germany, Japan, Italy, Russia, and Spain. Despite the doubtful scientific quality of the statistical methods and accuracy of the figures, these statistics at least demonstrate one problem, namely, that acts of piracy are a global issue.

Who Commits "Acts of Piracy" in China

The "Copyright Law of the People's Republic of China" came into effect on 1 June 1991; the "Berne Convention on the Protection of Literary and Artistic Works" and the "Universal Copyright Convention" came into effect in China on 15 October 1992 and 30 October 1992 respectively; and the "Convention on the Protection of Authors of Audiovisual Works and the Prevention of Duplication of Their Audiovisual Works Without Permission" became effective in China on 30 April 1993. Copyright is strictly regional; we should say that prior to 1 June 1991, any Chinese use of foreign works did not constitute violation of copyright; and hence the nonexistence of acts of piracy in China. Things have undergone a radical change since the beginning of the 1990's; China now has its own modern copyright law, and has become a Universal Copyright Convention signatory, with mutual copyright protection in effect with some countries. Such being the case, arbitrary duplication and circulation of another's (including a foreigner's) work without authorization could be a violation of copyright and even constitute an act of piracy.

Compared with many countries, China started relatively late in building a modern copyright system. Despite the fact that China has done a great deal of work with notable achievements over the past dozen years or so, the concept of copyright of the whole society remains fairly weak, and the awareness and ability of copyright owners in protecting their own legitimate rights and interests with the help of the weapon of the law are relatively poor. Since the implementation of the copyright law, acts of violating copyright have occurred frequently; and in some places activities of seriously violating copyright, such as pirating others' books, audiovisual works, and computer software, have been rampant. Viewing the materials accessible to this author, those committing acts of piracy fall mainly into two categories, the first being those who have no knowledge of the law, least of all about intellectual property rights [IPR]. The other category is a number of lawbreakers who live by piracy. In their eyes, pursuing the market economy means making money unscrupulously. They will reprint whatever books and audio tapes are marketable. To seek exorbitant profits, they will stop at nothing to commit acts of piracy, even colluding with overseas lawbreakers to pirate overseas compact discs [CD's]; they will dump

such pirated CDs in the domestic market, and the world market as well. The former category comprises ignorant people without any legal knowledge; but the latter comprises pirates who defy the law. Their common characteristic is stealing the fruits of other people's intellectual labor to seek personal gain. Like those who commit acts of piracy in other countries, they are the offspring of the commodity economy, a force disrupting market economic order and jeopardizing human civilization.

The Chinese Government Deals Harsh Blows at "Piracy"

Illegal reproduction of books, audiovisual products, movies, and computer software not only seriously jeopardizes the interests of writers, publishing units, and disseminators of publications and dampens their enthusiasm for their work, but also disrupts the cultural market, upsets the normal order of economic activity, and seriously endangers the existence and development of the publication industry producing books and audiovisual products, the movie industry, the electronics industry, and the software industry. Again, illegal reproduction of foreign products will seriously impair our international reputation and affect our foreign trade and scientific and cultural exchanges and cooperation with foreign countries. To develop our scientific and cultural undertakings, defend our international reputation, guard the sanctity of the law, and carry out the reform and opening policy in a more effective way, the Chinese Government has adopted tough measures against piracy. In light of the serious reproduction of CD's in coastal areas of southern China, seven relevant central departments, including the State Copyright Administration and the State Press and Publications Administration, jointly issued the "Urgent Circular on Strengthening Administration Over Reproduction of Laser Disks [LD's]" in April last year, requiring relevant provincial and municipal people's governments to streamline existing CD and LD production lines and to punish the factories engaged in illegal reproduction of CD's and LD's. The relevant government departments have ordered the closure of two CD production lines in Zhejiang and Hainan and of four CD production lines in Guangdong. In April, May, and June last year, over 10 provinces and municipalities, including Guangdong, Shanghai, Beijing, Jiangsu, Fujian, Hunan, and Hubei, organized several thousand cadres to conduct surprise inspections of audiovisual markets, seizing a large number of pirated CD's, LD's, audio tapes, and videotapes. The relevant central government departments, including the State Science and Technology Commission, are organizing forces to investigate the software market and crack down on software pirates.

To better protect the legitimate rights and interests of writers and the publishing industry, to strengthen the administration of the cultural market and copyright, and to deal harsher blows at piracy, the Eighth Session of the Eighth National People's Congress Standing Committee adopted the "Decision on Punishing Copyright Piracy."

According to the decision, those who, without authorization, reproduce other people's works in the form of books, music, movies, television, video products, computer software, and similar products; who make fairly big or big profits through illegal reproduction; or who are found guilty of other serious or exceptionally serious crimes shall be liable to seven years imprisonment in addition to a fine. Those who knowingly market the above-mentioned pirated products shall be liable to five years imprisonment in addition to a fine. The decision also contains stipulations on crimes including copyright piracy by legal persons and the selling of counterfeit paintings. Again, those who commit crimes listed in the decision and thus cause losses to copyright owners shall be investigated to determine their criminal liability and required to make good the damage according to law. The decision gives expression to the Chinese Government's determination and will to crack down on piracy and also serves as a powerful weapon in the struggle by Chinese and foreign copyright owners against pirates in China. So long as we fully utilize this weapon to deal harsh blows at various forms of piracy and give publicity to the decision and copyright laws in connection with the prosecution of typical cases of illegal reproduction, we will be able to gradually reduce piracy and make pirates extremely unpopular figures.

The illegal reproduction of literary and artistic works is an old problem. With more and more advanced reproduction techniques and better and better transport services, piracy has been on the increase, and pirates of various countries have ganged up with each other to form international pirate organizations to engage in large-scale and inter-regional reproducing activities. @In light of the new situation, all governments concerned should join together in taking measures against piracy to gradually suppress piracy and provide better international protection for intellectual property rights. Some countries are bent on accusing other countries and even put pressure on the latter under the excuse that the latter's piracy affects their foreign trade, while ignoring their own domestic piracy. Such a policy is undesirable. We are ready to cooperate with copyright institutions of other countries or nongovernment copyright-protection bodies in taking effective measures against piracy to create favorable conditions for international cooperation in the cultural, scientific, technological, economic, and trade fields.

***Official on Cross Straits Intellectual Property Rights**

95CE0207A Beijing JINGJI RIBAO in Chinese 1 Dec 94 p 8

[Report by staff reporter Zhao Zi (6392 5417): "Strengthening the Communication and Exchange Between the Intellectual Property Circles on the Two Sides of the Straits—An Interview With Xie Jianqun, Vice Chairman of the China Council for the Promotion of International Trade"—edited by Zhang Ju]

[FBIS Translated Text] In August this year, talks between the mainland Association for Relations Across the Taiwan Straits and the Taiwan Straits Exchange Foundation put the issue of "protection of intellectual property on the two sides of the straits" on the list of issues to be discussed by the two sides as soon as possible. Recently, with this issue in mind, this reporter interviewed Xie Jianqun, vice chairman of the China Council for the Promotion of International Trade and vice president of the Economic and Trade Coordination Council of the Two Sides of the Straits, who had just come back after attending the Third Academic Symposium on International Property on the Two Sides of the Straits.

Xie Jianqun first provided some information. The First and Second Academic Symposium on Intellectual Property on the Two Sides of the Straits, he said, were held in Zhuhai and Beijing in 1991 and 1992 respectively. The participation of Ma Lianyuan, deputy director of the Patent Bureau of China, and his party in the Third Symposium in Taiwan this time represented the first time that a delegation of the mainland's intellectual property circles had ever visited the island. While in Taiwan, they briefed over 100 people from Taiwan's intellectual property circles and business world on the progress that the mainland had made in the area of legislation, the administration of justice, and enforcement with regard to the protection of patents, trademarks, authorship rights, and computer software, and answered various questions from the audience; at the same time, they were also briefed by their colleagues in Taiwan on the relevant local regulations on applying for patents and trademark registration.

Our System of Laws on Intellectual Property Is Getting in Conformity With International Standards

Xie Jianqun first discussed the construction of the system of intellectual property on the mainland. The system of intellectual property, he said, started to be constructed gradually on the mainland with the establishment of the reform and opening policy toward the end of the 1970s. In recent years, the mainland has strengthened protection of intellectual property in terms of judicial and administrative measures. The State Council has established the system of working meetings on intellectual property, and issued decisions on enhancing work on the protection of intellectual property. Over a period of time the higher People's Courts of such provinces and municipalities as Guangdong, Shanghai, Beijing, Fujian, and Hainan, and the intermediate People's Courts of some coastal cities have established intellectual property tribunals; the Standing Committee of the National People's Congress has passed regulations on punishing the crimes of trademark and copyright infringement. As the mainland's intellectual property circles maintain close contact and cooperation, and often exchange experience and information, with the World Intellectual Property Organization (WIPO) and competent government agencies of many countries,

which have also been asked to provide advice and to help train personnel, the mainland's system of laws has been able to get close to or reach international standards in a relatively short time. Currently, the mainland still needs to revise its authorship right law in an appropriate manner in view of four years of practice with enforcement, so that it can conform to the relevant international conventions to which our country has become a party; but before the revision, the situation does not prevent the obligations under those international conventions from being effectively fulfilled.

In recent years industry, trade, public security, judicial, and copyright administration agencies around the country have carried out several rounds of joint actions to investigate and punish the production and selling of rights-infringing goods and pirated goods and have destroyed large amounts of counterfeit and pirated goods, said Xie Jianqun when discussing the mainland's practical actions to protect intellectual property. Not long ago, the State Council issued and put into effect regulations on sound products; competent agencies in the localities are conducting examinations, clearing up, and registration with regard to compact-disc production lines in accordance with the regulations. Beginning in 1995, unregistered enterprises will be prohibited from producing compact discs. The Customs Administration of our country has issued provisional rules on prohibiting the importing and exporting of right-infringing goods, and is drafting administrative rules on the protection of intellectual property in the process of monitoring imports and exports.

Taiwan Is Improving People's Understanding of the Protection of Intellectual Property

In Taiwan which was once called the "island of counterfeiting," said Xie Jianqun when discussing recent developments in Taiwan's protection of intellectual property, efforts to fight and ban activities of rights infringement, counterfeiting, and pirating have achieved prominent results in recent years with the development of the economy and the adoption of rather harsh measures; especially the phenomenon of pirating books and audio and video products has been greatly reduced; compact discs, audio tapes, and video tapes produced with authorization have come to occupy a dominant position in the market. According to a lawyer in Taiwan, it is being said that some of those businessmen who engaged in the pirating of compact discs in a big way in the past have now gone to the mainland to resume their old trade in the name of developing joint ventures and cooperation; the two sides of the straits should cooperate in banning the activities of those people.

According to Xie Jianqun, Taiwan's practice can be summed up by two points. First, the prosecuting agencies handle cases conscientiously, resolutely investigating and taking actions against activities of rights infringement. The second is to enhance propaganda and education, improving people's understanding. Taiwan

has also carried out propaganda among the people by using many forms of literary and artistic activity such as cross talks and cartoons. Schools have been educating students, urging them not to buy counterfeit goods and pirated audio and video products. Many private organizations and business associations have also actively participated in the activities of protecting intellectual property, shaping public opinion in an effort to resist the spread of rights-infringing goods. Such efforts have not only advanced protection of intellectual property on the island, but also improved the reputation of Taiwan's trademarks.

Since 1971, Xie Jianqun pointed out at the same time, Taiwan has basically had no contact with international organizations and international conventions on intellectual property, and thus is relatively less exposed to the relevant data and information. Taiwan's intellectual property circles have often failed to get timely and complete information about new trends and topics on the protection of intellectual property in the world and the special rules in specific areas. In recent years, because of the pressure resulting from the Super 301 section of U.S. trade law, Taiwan has revised its relevant rules on intellectual property repeatedly. This has surely been necessary, but because of the information deficiency, U.S. demands were often accepted wholesale, as it was not known that sometimes U.S. demands exceeded the commonly recognized international standards and were therefore not entirely reasonable and just.

The Two Sides' Effort to Enhance Common Understanding Regarding the Protection of Intellectual Property

While discussing communication and exchanges between intellectual property circles of the two sides, Xie Jianqun first discussed a common understanding produced in the course of exchanges between colleagues on the two sides, that is, that a civilized society must endeavour to protect intellectual property, not to make a show but to meet the requirement of its own progress in science and technology and in literature and art.

According to Xie Jianqun, since 1987, with the strengthening of the momentum of Taiwan business investment in the mainland, the businessmen involved have naturally become ever more concerned about the question of whether their own trademark, patent, and authorship rights (including computer software) and commercial secrets can be fully protected on the mainland. Some Taiwan businessmen are not experts on intellectual property law or lack understanding of the mainland's laws and regulations; when encountering some problems, they do not know how to handle them, and thus start to grumble. Through one-sided reporting carried out by some of Taiwan's media organizations, such grumbling has often led to some people's misunderstandings of, and doubts about, the mainland's protection of intellectual property. This actual situation requires the intellectual property circles of the two sides to work harder to carry

out professional exchange and cooperation to resolve practical problems in an appropriate manner and to explain to the business world the proper way of resolving the problems encountered.

Some Taiwan businessmen, Xie Jianqun especially pointed out by using an example, have complained, asking why their inventions or utility models which were patented in the United States some years ago, but for which no patent applications have been made on the mainland because of the two sides being cut off from each other, are not protected by law on the mainland. According to Xie Jianqun, this is a question of common knowledge. In any country with a fully developed legal system—not just on the mainland—it is not possible to give protection to inventions or utility models which have already been made public. Only by making applications in the United States and on the mainland simultaneously, would it be possible to ensure the novelty of patents.

Some Taiwan businessmen have complained that their trademarks (including service marks) have been registered by people preemptively on the mainland, and are therefore not protected. This is true, Xie Jianqun said with regard to that problem. However, those who have made preemptive registrations include both mainland enterprises and Hong Kong and Taiwan enterprises. If only the owner of the relevant trademarks petitions the competent agencies on the mainland on the basis of sufficient evidence when encountering such a problem, the problem will be solved appropriately. But two situations do not involve the question of who has preemptively registered whose trademark. One is the case of trademarks which were used on the mainland before 1949, which have been used on the mainland until now since liberation, and which have also been used by those having relations with the trademarks after moving to Taiwan, resulting in a special situation in which the same trademarks are used on the two sides. Secondly, despite the fact that the two sides were cut off from each other for more than 30 years, identical or similar trademarks have been created without prior communication because the Chinese on the two sides have the same cultural traditions and ways of thinking, just as Chinese on the two sides often have exactly the same surnames and given names. The above-mentioned two situations can only be handled through protecting the exclusive right to registered trademarks in accordance with the principle of "first registration," whether on the mainland or in Taiwan.

Some Taiwan businessmen have complained about "having no place to file their complaints" about the infringement of their intellectual property rights. Those Taiwan businessmen, pointed out Xie Jianqun, have done nothing but grumble after encountering problems, and have so far failed to take any action to file complaints. Some have written letters to state leaders, thinking that this will be enough. Some refuse to use attorneys and try to file complaints by themselves; but it

is very difficult for people's courts or competent government agencies to communicate with complainants from Taiwan. Therefore, suggested Xie Jianqun, those Taiwan businessmen should find suitable attorneys and file complaints according to the normal procedures on the mainland; it is expected that problems will be resolved in a fair and reasonable manner. Of course, there is no denying the fact that we do have the bad phenomenon of isolated occurrences of lax enforcement and local protectionism, but this is not directed at Taiwan compatriots. In fact, the mainlanders involved in such matters also encounter such troublesome problems sometimes. It can be expected that in the overall environment of strengthening the protection of intellectual property on the mainland, there will be a change in the situation characterized by such a phenomenon of isolated occurrences.

Heilongjiang Province Changes Economic Focus

HK2701091895 Beijing CHINA DAILY in English 27 Jan 95 p 1

[By Song Lijun and Qu Yingpu: "Heilongjiang Changes Focus"]

[FBIS Transcribed Text] Harbin—Heilongjiang, China's northernmost province bordering on Russia, is taking a strategic diversion from a State-dominated economy to focus on the development of nonstate sectors.

The strategy, called "opening the second battle front," aims to save the frail local economy by building up new growth strength with township, overseas-funded, and private enterprises, according to the province's Communist Party Secretary Yue Qifeng.

While the nonstate economy is becoming a significant force in southern China, Heilongjiang remains in a rigid, planned economic system. Currently, state-run companies control 76 percent of Heilongjiang's industries and account for 80 percent of the provincial revenue.

Because of inefficient management, outdated equipment, and heavy welfare and tax-payment burdens, a large part of the state enterprises are running in the red. This has dragged Heilongjiang backward from its position as a major industrial powerhouse.

Yue said that Heilongjiang will launch 100 special zones for township enterprises and, by 2000, there will be 30 counties each with a township industrial output value surpassing 3 billion yuan (\$357 million).

Meanwhile, the province will take advantage of its rich resources and favourable geographic location to bring in foreign investment, he said.

Yue said Heilongjiang is drafting preferential measures to attract businesses from southern China, Hong Kong, Macao, and Taiwan to launch township enterprises, private companies, and joint ventures focusing on export-oriented processing.

Acting Governor Tian Fengshan said limited capital inside the province and outside investment will be guided into building new petrochemical, coal, timber, and food industrial bases.

Tian said 15 of the province's border cities along the Heilongjiang and Songhua rivers will build ports to boost river-sea transportation via Vladivostok in Russia—the shortest sea route between Asia and North America.

This will create a good environment for exports not only to Russia but also to Japan, the Korean Peninsula, Canada, and the United States, he said.

Tian also vowed to push the state-run enterprises onto the "second battle front" by converting them into diversified ownerships and pushing them to produce sideline products.

The provincial government has set a target of reforming 30 percent of the state-run enterprises to turn losses into profits in three to five years. This year alone, 100 large state-run enterprises are planned to be converted into joint ventures with investors from southern China and overseas.

The state-run enterprises will be required to break into smaller units. Nonproduction units, such as kindergartens, hospitals, and research institutes will become independent and responsible for their own losses and profits, Tian said.

Tianjin's Port Status Prominent in North in '94

OW2601164195 Beijing XINHUA in English 1601 GMT 26 Jan 95

[FBIS Transcribed Text] Tianjin, January 26 (XINHUA)—In 1994, north China's largest port reported import and export trade valued at more than 16.17 billion US dollars, 68 percent of which came from companies in other provinces or regions, and ministries, according to the General Customs Administration.

This signifies that Tianjin's position in foreign trade in north China is becoming more prominent, economists believe.

In recent years, the municipal government has taken a series of measures intended to attract both domestic and foreign investment. Those statistics that are available show that projects funded by 27 local branches of foreign-funded companies cover 830,000 square m and involve an investment of nearly three billion yuan, and 150 organizations in Tianjin established some 200 economic entities, involving registered funds of 160 million yuan.

In cooperation with certain ministries, the city has set up ten major commodities trading centers and five major production trading centers. Last year these markets reported a trade volume of 160 billion yuan.

Because of Tianjin's particular geographical location, the provinces to the north, northwest, and northeast consider it a springboard from which to jump into the international market.

Qinghai Province, in far western China, got contracts on 10,000 sq.m. of land in the Tianjin Bonded Zone and spent 30 million yuan building warehouses and processing factories covering an area of 8,800 sq.m. In addition, the Qinghai Industrial and Trading Corporation was set up, attracting more than 20 enterprises of the province to Tianjin. The Qinghai Industrial Park with an area of 30,000 sq.m. will also be built in the development area. This has helped to make Tianjin a foreign trade base for landlocked Qinghai Province.

Thus far, 11 provinces and regions have set up foreign trade offices in Tianjin, and their investments have furthered the development of Tianjin's export-oriented economy.

Nearly 100 business entities funded by other provinces and regions now form an integral part of the city's economic structure, and last year, the municipal government decided to set aside 30 ha of land in the center of the city for the construction of resident missions of overseas organizations, with an additional construction area of 200,000 square m.

Sino-Japanese Trade Exceeds \$45 Billion in 1994

OW2601140995 Beijing XINHUA in English 1318
GMT 26 Jan 95

[FBIS Transcribed Text] Tokyo, January 26 (XINHUA)—The value of trade between China and Japan in 1994 exceeded 45 billion U.S. dollars for the first time ever, according to statistics released on Wednesday [25 January] by the Japan External Trade Organization (JETRO).

The total value of trade between the two countries of 46.24 billion dollars represented a 22.2 percent increase over 1993.

Japan exported 18.68 billion U.S. dollars worth of goods to China in 1994, an 8.1 percent increase over the previous year, and imported 27.56 billion U.S. dollars worth of goods from China, an increase of 34 percent, JETRO announced.

Japan's trade deficit with China in 1994 was a record high of 8.89 billion dollars.

JETRO predicts that this year the deficit will continue and that the total value of trade between the two countries will exceed 50 billion U.S. dollars.

Joint Venture's Car Sales Increase

OW2701101395 Beijing XINHUA in English 0948
GMT 27 Jan 95

[FBIS Transcribed Text] Changchun, January 27 (XINHUA)—A Sino-foreign joint car maker here has sold

1,337 Jetta cars so far this month, double the monthly average for the past 15 months, according to the maker's sales statistics.

This was viewed here as a clear sign of a boom in car sales in China, which has been slow for 18 consecutive months.

The joint car maker was set up by the China No. 1 Automobile Group Corporation and the Volkswagen of Germany.

Dozens of domestic buyers are now waiting for the car and the Myanmar government has also ordered 300 Jetta cars though the car maker is producing more than 100 Jetta cars a day.

Market analysts say that the Chinese car market is expected to turn brisk in the second half of this year.

Factors behind the trend are good quality, reasonable price and cut in the import of foreign-made cars.

Agriculture

Chen Junsheng on First National Agriculture Survey

OW2701113095 Beijing XINHUA Domestic Service in Chinese 1235 GMT 18 Jan 95

[FBIS Translated Excerpt] Beijing, 18 Jan (XINHUA)—Today at the first joint conference on the national general agricultural survey, State Councillor Chen Junsheng said that a system of periodic general agricultural surveys will help us keep abreast of the real situation in rural areas. Such a system will be conducive to formulating sound and reliable macropolicy, to gathering critical information that serves a scientific basis for the formulation of strategic goals for rural development, and to bringing about steady development of agriculture and the rural economy. He urged localities and departments to attach importance to the first national agricultural survey, exercise effective leadership, and closely cooperate with one another to ensure the task's implementation.

To get a comprehensive picture of China's agricultural resources so that more scientifically sound social and economic policies and agricultural development plans can be formulated, China will undertake to institute a system of conducting a general agricultural survey every 10 years. It has been decided that the first general survey will be conducted in 1997. For this reason, the State Council convened a joint conference today to study and make arrangements for the first survey. [passage omitted]

Last year, the State Council decided to conduct China's first national general agricultural survey in 1997. Under the plan, a comprehensive survey will be conducted among the 200 million rural households and 20 million rural enterprises. The survey will cover almost all trades

and sectors in the countryside, all 50,000 towns and townships, 600,000 village committees, 6 million village groups, and 900 million rural residents.

State Councillor Chen Junsheng presided over today's joint conference on the first national agricultural general survey. He said that along with the establishment of a socialist market economy, reorganization of production elements is picking up speed in the countryside. There has been a noticeable increase in rural families with combined occupations. Scale farming is being promoted in many regions and more and more rural labor forces are shifting from agricultural to nonagricultural production. The rural economy's overall volume today is much larger than it used to be and economic activities have become much more complicated. We need to employ scientific methods in conducting a systematic investigation and study of these new situations and problems so that well-informed and scientifically sound decisions can be made in administering the country.

Chen Junsheng stressed that an agricultural general survey is an onerous task that will involve tens of millions of personnel nationwide. It also requires meticulous planning and adequate preparations. For this reason, the State Council has decided to establish a joint conference system for coordinating the general survey. Units and officials assigned to the joint conference must truly take up the heavy responsibility of organizing and coordinating the survey's implementation. To make the survey a success, Chen Junsheng urged localities and relevant departments to execute the following work well: First, exercise effective leadership. Governments at all levels must assign an official to take charge of organizing and coordinating survey efforts, to personally attend to the work's key aspects, and help to promptly solve difficulties and problems in the work. Second, relevant departments should cooperate closely to ensure completion of survey assignments. Third, they should make positive efforts in raising and making efficient use of survey funds to ensure smooth progress. In addition to the expenses assumed by the central treasury, local governments at all levels must make positive efforts to secure the needed funds within a short time. Fourth, do a good job in social mobilization and publicity. And, fifth, draw up plans for the survey in strict accordance with a timetable.

It has been learned that relevant departments will complete preparations for the survey between 1994 and 1996, complete survey registration in the first half of 1997, and complete data processing and analysis and wind up the survey between the second half of 1997 and the end of 1999.

Officials of relevant State Council departments were present at the joint conference.

State To Increase Agricultural Investment in 1995

OW2601124595 Beijing XINHUA Domestic Service in Chinese 0120 GMT 17 Jan 95

[By reporter Wang Yanbin (3769 6056 1755)]

[FBIS Translated Text] Beijing, 17 Jan (XINHUA)—Governments at all levels are paying close attention to agriculture's weakened position as the foundation of the national economy, and are no longer just talking about increasing agricultural investment. This year, state planning, credit, and other departments will significantly increase agricultural investment. All localities will adopt practical measures to increase agricultural investment and strengthen agriculture's position as the foundation of the national economy.

According to an estimate made by an authoritative figure from the State Planning Commission, state-planned investment for agriculture-related capital construction this year will be 24.9 percent higher than 1994, with nonoperation related investment increasing 25.9 percent. The State Planning Commission has made plans to allocate 40 percent of the increment in nonoperation related investment made by the state this year to agricultural and related industries, and give priority to agricultural investment.

Zhu Jie, director of the State Planning Commission Rural Economy Department, told this reporter that additional agricultural investment made this year will be used mainly to harness large and small rivers and lakes, build water conservancy projects that span river basins, and build commodity grain bases. Major arrangements have also been made to develop and construct pastoral areas, forestry industry, reclaimed farmland, and meteorological facilities.

In addition, this reporter found out that 57 billion yuan of the loans arranged by the Agricultural Bank of China this year will be used to support and develop agriculture and rural economies. Of this amount, which is 26.4 percent higher than last year, the increment in agricultural loans, which totals 35 billion yuan, is 8.5 percentage points more than the increment in the total amount of loans offered by the bank this year.

Recently, a principal responsible person of the Agriculture Ministry revealed in Beijing that the ministry is actively collecting money to build the China Agricultural Science and Education Fund into a 100-million-yuan fund this year, so that work to develop agriculture with science and education can progress smoothly.

Some provinces have promulgated specific measures to increase agricultural investment. Since last year, Guangdong has been implementing a three-phase, three-year program to build 50 commodity grain bases in the province with 300 million yuan from provincial, city, and county financial authorities. In addition, governments at all levels in Guangdong have started implementing a policy of encouraging the subsidization and development of the grain-producing sector by industry and other agricultural sectors. Starting this year until the end of this century, Fujian will invest 30 million yuan annually to build 30 commodity grain bases. Bank of Agriculture branches in the province will further increase procurement loans this year to ensure smooth

progress in the procurement of agricultural and sideline products. Fujian will also budget 60 million yuan for "vegetable basket" projects.

Anhui Teleconference on Rural Affairs

OW2501061595 Hefei ANHUI RIBAO in Chinese 4 Jan 95 p 1, 2

[Report by ANHUI RIBAO correspondent Yang Chuanlu (7122 0278 3619) and reporter Nie Jianchun (5119 1696 2504): "Provincial Government Holds Teleconference, Urges All Localities To Exercise Effective Leadership Over Winter Production in Rural Areas and Win the First Agricultural Battle This Year"]

[FBIS Translated Text] On 3 January, the provincial government called a provincial teleconference to lay out projects to be carried out in rural areas during winter. The meeting urged all localities to follow through with all the important decisions made by the party Central Committee and the State Council on promoting agricultural production, firmly proceed with the winter projects, win the first battle of agricultural production this year, and lay a good foundation for this year's bumper harvests and economic development in rural areas.

Hui Yuliang, deputy secretary of the provincial party committee and acting governor; and Wang Zhaoyao, member of the provincial party committee standing committee and vice governor, made important speeches at the conference.

The meeting transmitted some important instructions, including the one made by Lu Rongjing, secretary of the provincial party committee, "that rural projects must have a good start in the beginning of the year, and that we must firmly carry out all rural projects, especially those concerning post-disaster production and relief services."

Hui Yuliang said: The fact that the first meeting the provincial government has called in the new year is one concerning agricultural and rural work fully demonstrates the importance which the provincial party committee and government attach to agriculture as the foundation of the national economy, as well as their determination to strengthen rural work.

He stressed: We must fully understand the importance of promoting agricultural production and rural areas' economic development. Achieving all-round development of agricultural production and rural economy this year is significant for achieving market and social stability, ensuring smooth progress of reform, arousing peasants' enthusiasm by increasing their incomes, and achieving the goal of leading a comparatively comfortable life by the end of this century. While rural areas' economic development will encounter many problems and difficulties, there are also favorable factors. 1) Market demand is high. On the whole, agricultural products enjoy brisk sales and good prices, and they yield good profits. All

products are salable. 2) Supportive policies exist. All policies are drawn up by the party Central Committee and the State Council for protecting peasants' interests are being carried out, and they have significantly aroused peasants' production enthusiasm. 3) There is support and encouragement from leading authorities. Because of the attention of party committees and governments at all levels, as well as explicit guidelines for rural areas' economic development, investment in agricultural production has increased. 4) There is guidance from examples. The methods of rural development are now much broader, and those who have become affluent have demonstrated for us how to become prosperous like them. 5) The material and technological foundation for agricultural development is much stronger. Additional investments in agriculture in the wake of devastating natural disasters have provided the material and financial basis for agricultural production. We must, of course, be aware of other problems. We must remain sober-minded, broaden our thinking, and have an explicit idea of our mission so as to bring about all-around economic development in the rural areas. We must pay special attention to carrying out all relevant policies, increase the intensity of our efforts, continue to maintain and develop the rural areas' gratifying situation, and work earnestly in promoting rural areas' material and spiritual construction.

Wang Zhaoyao said: Winter is the beginning of a new year and an important season for agricultural production. Governments at all levels must make sure that the following five projects are accomplished: 1) Make sure that the field management of overwintering crops are carried out properly. In view of the premature growth of summer crops and rapeseed being affected by moss last summer, effective measures should be taken to prevent the recurrence of such phenomena and to ensure normal growth. To make sure that crops are not damaged by winter cold, ditch digging and soil moisture control should proceed along with the cultivation and extensive application of farm manure. During this winter and next spring, each household should make efforts to accumulate an additional three cubic meters of farm manure so that there will be an additional one tonne of farm manure for each mu of cropland. To reduce the death rates of livestock, the protection of stud livestock and fowl during winter should be considered as an important assignment to accomplish. 2) All relief measures should be carried out so that the people in disaster-stricken areas will have a safe winter. In addition to encouraging the people in disaster-stricken areas to resume production and help each other, governments at all levels must provide stronger leadership over post-disaster production and relief services and give priority to solving the food problems of people in stricken areas. The money and food which the provincial government has appropriated for relief purposes must be immediately delivered to every household to ensure the basic needs of people in stricken areas. Prior to the Spring Festival, all leaders and persons in charge of departments concerned must

visit the stricken areas and help the masses solve their problems so as to show them that the party and the government do care about them. 3) We should again mobilize the masses to build irrigation facilities to make sure that this winter's and next spring's assignments of building irrigation facilities will be successfully accomplished. While building irrigation facilities, preparations for flood and drought control should also be started as early as possible. Attention should also be directed to storing, preserving, and conserving water to make sure that there will not be any water shortage during spring irrigation. 4) Efforts should be made to guard against post-disaster slackening. Efforts must be intensified to speed up afforestation and land preparation. We must make sure that, before the Spring Festival, all croplands will be properly prepared, and the assignment of afforesting 800,000 mu of land in Anhui will be accomplished so that the second drive for Anhui's forestry development can proceed. To ensure stability in afforested zones and promote forestry development, efforts should be made to prevent forest fires, unauthorized tree cutting, poaching, and excessive hunting of wildlife; and to control insect pests in wooded areas.

5) We must continue to reduce the peasants' burdens. We must provide stronger supervision, consolidate the achievements, and prevent "back fire" [fan tan 0646 1734]. We must draw up or improve the relevant regulations and rules so that the work of reducing peasants' burdens will gradually be regulated and institutionalized. Collecting additional fees from peasants is strictly forbidden so that the peasants will have a happy and harmonious Spring Festival.

Wang Zhaoyao stressed: In view of the many projects to be carried out in winter, all localities must make overall planning properly, earnestly strengthen their leadership over these winter projects, send cadres to rural areas to help them deal with practical problems, and sum up and promote fresh experiences gained from rural reforms so that we can greet the convocation of the sixth provincial party congress with real actions of doing rural work, and so that our hard work will pay off in seizing new bumper agricultural harvests this year.

Rural Enterprises Booming in Fujian

OW2601041495 Beijing XINHUA in English 0121
GMT 26 Jan 95

[FBIS Transcribed Text] Fuzhou, January 26 (XINHUA)—East China's Fujian Province witnessed rapid growth in township enterprises in 1994.

Officials from the local township enterprises administration said that the total output of rural enterprises was 155.3 billion yuan last year, bringing in about 4.3 billion yuan in taxes and a net profit of 8.8 billion yuan, annual increases of 47 percent, 34 percent, and 27 percent, respectively.

The total value of goods delivered for export amounted to 28.2 billion yuan in 1994, a 54 percent rise over 1993.

According to the officials, the annual output value from local rural firms is expected to exceed 200 billion yuan this year.

A large number of large-scale pillar enterprises have been set up in the province's rural areas. Cement businesses in the rural parts of Longyan and Shanming cities, for example, have had annual production of ten million and five million tons, respectively, they said.

A total of 1,006 township enterprises have had annual output worth more than ten million yuan in 1994 each, 300 more than in 1993.

The number of rural businesses making more than 100 million yuan in output value was 64 last year, compared with 40 in 1993. Rural enterprise groups established in 1994 numbered 58, pushing the total number up to 152, they said.

More than 880 foreign-funded enterprises were approved last year, involving a total investment of 11.7 billion yuan. So far, the number of foreign-funded enterprises in the province stands at 5,200.

Hainan To Put 'Extra Efforts' Into Agriculture

OW260110595 Beijing XINHUA in English 0911
GMT 26 Jan 95

[FBIS Transcribed Text] Haikou, January 26 (XINHUA)—South China's Hainan Province plans to put in extra efforts to develop agriculture this year.

The province's agricultural output value increased by 9.4 billion yuan last year compared with 1993, bringing the local farmers' per capita income to 1,153 yuan, an 11.8 percent increase.

Governor Ruan Chongwu told a meeting on economic work that agriculture should be given priority in the province's economic development, adding that Hainan boasts rich oceanic and tropical reserves, which is a special advantage for agricultural development.

The State Planning Commission will pour 25 million yuan in loans this year into the province's agriculture. The province itself will also allocate a large sum of money to build large-scale pig farms and chicken farms, and 66.7 ha [hectares] of aquatic-product breeding bases, the governor said.

"Sugarcane production is an important source of income for Hainan farmers," Ruan said. "New techniques should be introduced to upgrade the industry."

He also urged the various levels of government to step up the construction of bases for the production of tropical fruits and melons, and boost the development of marine resources exploitation, the processing industry and rural enterprises.

***Economist Favors Large-Scale Agricultural Operations**

95CE0181A Beijing JINGJIXUE DONGTAI
[ECONOMIC DYNAMICS] in Chinese No 11, 18 Nov
94 pp 27-29

[Article by Ma Xiaohe (7456 2556 3109) of the Economic Research Institute of the State Planning Commission: "The Fundamental Way To Develop China's Agriculture Lies in Large-Scale Operations"]

[FBIS Translated Text] To achieve stable growth in China's agriculture in the long run, we must ensure that farmers can earn the same income as factory workers. Only thus can farmers be enthusiastic about farming. How can we bring their income to the same level as that of factory workers? One way is to raise by large increments the prices for agricultural products to boost the farm revenue. From a short-term viewpoint, raising prices for agricultural products is absolutely necessary and quite rational because currently the prices of most of our agricultural products are way below international market prices. To develop China's market economy and integrate it with the international market, we must raise prices of our agricultural products. By so doing, we will make these prices closer to international market prices and will obviously increase farmer income. But as we have a huge population with relatively little arable land, and both our agricultural labor productivity and the percentage of marketable products out of the total agricultural production are too low, it would be impossible for our farmers to earn the same income as factory workers no matter how much we raise the prices of agricultural products. More important, once China has rejoined GATT, the integration of the domestic and international agricultural products markets will make it impossible for us to raise domestic prices without restriction. Instead, we must always look at the international market prices as a reference—these prices will serve forever as a "ceiling" for our domestic prices. As can be seen, the fundamental way to promote our agricultural development cannot be the raising of the prices of agricultural products.

Another way is to develop large-scale agricultural operations. Practical experience of developed countries and our developed areas in promoting the economy shows that only when farm laborers have sufficient land to work on can they raise their labor productivity and the percentage of marketable products out of their total output, thereby increasing their income substantially. Yet a realistic problem before us is that the increasing number of farm laborers at the current stage in our country not only makes large-scale agricultural operations impractical, but reduces further and further the scale of operations in terms of the acreage of land. Statistics reveal that our agricultural labor force has increased by an annual average of 4.6 million people since 1978. In particular, it should be noted that the rate of increase in farm laborers has shown a tendency to

accelerate since 1988. By the end of 1992, the net increase in our agricultural labor force had reached 64.56 million people, bringing the total number of farmers to 347.69 million. On the other hand, the cropland for each farmer had shrunk further and further—from 5.3 to 4.1 mu. Over the past decade, while the supply of labor has increased considerably, the demand for agricultural labor has kept declining. According to an agricultural production cost analysis based on data provided by the State Statistical Bureau, from 1978 to 1991, the actual demand each year for farm labor to produce grain, cotton, and oilseeds fell by 29.09 billion workdays, which were equivalent to 95.07 million laborers. Here, the dramatic reduction in the actual amount of labor required for agricultural production and the rapid expansion of the agricultural labor force formed a sharp contradiction. Quite obviously, to solve this contradiction, check the continuous shrinkage of the scale of land operations, and finally achieve large-scale agriculture in our country, the most fundamental means is to transfer the large amount of surplus farm labor to non-agricultural sectors.

A review of the course of China's rural economic development since the start of the reform and opening-up drive reveals that nonagricultural sectors have contributed to absorbing the surplus farm labor force and decelerating shrinkage of the scale of land operations—a fact drawing worldwide attention. From 1978 to 1992, as many as 66.16 million surplus farm laborers were absorbed into other fields of work, thanks to development of non-agricultural production undertakings in rural areas. If it had not been for the development of nonagricultural production undertakings, the scale of our agricultural operations would have shrunk to a much greater extent during that period.

In recent years, however, there have been some instances where the development of nonagricultural production undertakings is no longer conducive to absorbing the surplus agricultural labor force. This is because the method of increasing capital rather than labor has been adopted to develop such undertakings. As a result, their labor-absorbing capacity has been reduced. According to our analysis, the total fixed assets possessed by China's township enterprises, including those at the township and village levels, increased 118.6 percent during the period from 1988 to 1992, whereas the employees of these enterprises increased only 5.2 percent. The consequence of such out-of-proportion increases was a quick drop in the personnel slots created by each unit amount of fixed assets. In 1988, the average number of laborers per 1,000 yuan of fixed assets in village enterprises was 0.31. In 1992, the number fell to 0.15, down by 52 percent. Another phenomenon in connection with the capital-rather-than-labor development method was that during this period, the growth of the enterprise output value outpaced the increase in the number of laborers they employed. An analysis of the ratio of growth in output value to increase in the number of employees, i.e.,

employment elasticity, shows that our township enterprise employment elasticity for the last four years dropped 68.3 percent from that for 1984-1988. That is to say, the positive effect on employment produced by the growth of township enterprise output value has kept declining in these years. We can make a calculation: If the employment elasticity of these township enterprises for the said period had been the same as that for 1984-1988, the annual increase in the laborers employed by them would have been 8.5 percent instead of 2.6 percent, and the number of their employees would have increased by 36.83 million instead of 10.36 million. As can be seen, because of the drop in the employment elasticity, the number of surplus laborers that township enterprises absorbed during these four years was reduced by some 26 million.

The shrinkage of township enterprise labor-absorbing capacity due to the capital-rather-than-labor development method has produced the following effect on the development of agriculture: While a large amount of capital has gone to township enterprises, more and more laborers have lost their job opportunities in nonagricultural sectors and are forced to remain in the agricultural sector. Under the pressure of a massive surplus labor force, large-scale land operations are impossible, and agricultural labor productivity can only be improved at a slow pace or may even fall off. This has resulted in the problem of zero increase in agricultural output despite the large amount of labor spent in farming. From the above it follows that with respect to the placement of the massive surplus farm labor and the creation of a favorable condition for large-scale land operations now and for some time to come, the most difficult question is how to adjust the mode of development of nonagricultural production undertakings in rural areas with a view to boosting their capacity to absorb the surplus labor force.

As to why township enterprises have adopted the capital-rather-than-labor development method and thus failed to absorb the surplus agricultural labor in recent years, our analysis shows the following: Of course, there are such normal reasons as structural changes and industrial upgrading. To a great extent, however, the problem is caused by abnormal factors. One is that township enterprises are forced to take the road of capital-intensive development in order to survive and compete for market with their urban peers at the same technological level. The second factor is that, under the policy of separating urban and rural areas, and due to the scattered-development method known as "making fire in every village and emitting smoke everywhere," it is very much more difficult to concentrate infrastructure facilities and other public services in rural areas to meet the needs of township enterprises than in urban areas. Under these circumstances, township enterprises can only make large investments within a short time in setting up their own transportation, communications, energy-supply, and other infrastructure facilities in order to raise their operational efficiency. As a result, their investment scale has quickly expanded, while their employment capacity

has drastically declined. In addition, this diversified development mode of "leaving the farmland but not the village" cannot lead to a quick increase in the demand for services from tertiary industry within a certain time and in a certain place. Consequently, tertiary industry has developed slowly, and the service trade has created no big demand for labor. As can be seen, if we are to adjust the mode of development of nonagricultural rural production undertakings with a view to expanding their labor-absorbing capacity, the key is to reduce the tendency caused by abnormal factors of township enterprises to increase capital.

To this end, we offer the following five suggestions:

1. There should be a rational division of labor between urban and rural industries. Neither should be expanded arbitrarily, and no low-quality and overlapping construction should be allowed. From now on, urban enterprises should in various ways (such as cooperative operations, leasing, and auctions) transfer to rural enterprises some of their labor-intensive operations that cannot turn out competitive products. On the other hand, rural industries and even all nonagricultural sectors should aim at absorbing surplus agricultural labor as a major target for development in the future. In addition, the state should have a proper policy to support and encourage the vigorous development of labor-intensive industries in rural areas.
2. Efforts should be made to speed up urbanization of the countryside. This means that we should go all out to develop small cities and towns in which township enterprises can be concentrated to facilitate transfer of the labor force. Judging from practical experience in developing the coastal economy in southeastern China, the development of nonagricultural production undertakings based on small cities and towns can produce accumulator and multiplier effects on conserving land resources and absorbing the surplus labor force. In the future, the stress of our nonagricultural development policy may be put on developing small cities and towns and on actively encouraging township enterprises to move to those places. At the current stage, the dual residential registration system, characterized by discrimination between "urban residents" and "rural residents," is a big obstacle to the development of small cities and towns and, therefore, must be reformed completely. We believe that, in the future, we should implement a unified residential registration system for the whole country. Our policy should be that all people should receive the same treatment and have equal rights of survival and development whether they live in urban or rural areas. Right now, this reform can be tried out in small cities and towns. But in view of the long history of the policy-induced barrier between urban and rural areas and the hard-to-change nature of the existing interest pattern, a temporary blue-card system may be implemented for farmers moving into small cities and towns. Although residents holding such blue cards will not receive certain welfare benefits and subsidies enjoyed by

indigenous urban residents, they are entitled to the same rights in all other respects, including employment, children's education, social insurance, and purchase of commercial houses. When conditions are ripe, we can abolish the blue-card system and implement a single residential registration system in these small cities and towns. With the reform of the residential registration system, the state should not only guide township enterprises and surplus agricultural laborers to move into existing small cities and towns, but should also put into effect a policy to encourage and support farmers to build their own "farmer cities." In this regard, the experience of Longgang Town in Wenzhou should be popularized. All these are aimed at drawing farmers into urban areas to develop township enterprises.

3. In big and medium-sized cities, the enterprise employment and social welfare systems should undergo intensive reform. A market-competition mechanism should be incorporated into these systems. Job markets should be gradually opened for certain labor-intensive industries in big and medium-sized cities. And farmers should be allowed to choose their jobs freely in the fields of light industry, textiles, garment-making, construction, building materials, environmental protection, and certain service trades in line with the law of supply and demand.

4. Step-by-step efforts should be made to open and build interregional labor markets to solve the imbalance in labor supply and demand between different regions. The development of small cities and towns and the opening

of labor markets for certain industries and between different regions are bound to speed up the transfer of the surplus labor force from agriculture to other sectors, thereby creating a precious favorable condition for promoting large-scale agricultural operations.

Finally, while transferring the surplus labor force from agriculture to nonagricultural sectors, we must make positive efforts to promote appropriate-scale land operations. Following a period of efforts to properly place the massive surplus agricultural labor by adjusting the mode of development of nonagricultural production undertakings, we should make step-by-step efforts to develop large-scale agricultural operations in various places. Based on theoretical calculations and practical investigations, conditions will be ripe for large-scale agricultural operations when the labor employed by nonagricultural sectors in rural areas has reached 55-65 percent of the total rural labor force and when nonagricultural output value has accounted for 65-75 percent of the total rural production. Judging by this standard, quite a number of city suburbs and economically developed rural areas in our country have met the conditions for large-scale agricultural operations. For these localities, the state should formulate policies to encourage the transfer of land to expert farm workers and the establishment of various kinds of village farms to be run by farmers themselves. As for those rural areas that so far cannot meet the conditions for large-scale agricultural operations, plans may be formed to adjust the small, scattered pieces of land so that local farmers will have relatively big plots to farm.

East Region**Sixth Anhui Party Congress Plenary Meeting Closes**

OW2701115495 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 20 Jan 95

[From the "Provincial Hookup" program]

[FBIS Translated Text] The Sixth Anhui Provincial Party Congress held its fourth plenary meeting this afternoon. The congress triumphantly closed following successful completion of various tasks. Comrade Lu Rongjing presided. Lu Rongjing, Fu Xishou, Hui Liangyu, Wang Taihua, Fang Zhaoxiang, (Hou Yong), (Han Xixing), (Ji Jiahong), (Wang Chenfa), (Su Pingfang), (Song Xiaoxian), (Wang Ping), (Wu Tiandong), (Geng Gongfang), (Huang Yuezhong), (Zhou Qichen), and (Zai Chengliang) were the executive chairmen.

Of 696 total delegates, 19 took leave because of sickness or having to attend to personal matters, 677 attended the meeting, thus meeting the quorum. The delegates elected alternate members of the provincial CPC committee and members of the provincial discipline inspection committee through secret votes. Following the voting, the general voting monitor announced the results. Ten comrades were elected alternate members of the Sixth Anhui CPC Committee and 37 comrades were elected members to the new term of the provincial discipline inspection committee. Following the election, the resolutions on the Fifth Anhui CPC Committee and Anhui CPC Committee Discipline Inspection Committee work reports were unanimously adopted through a show of hands.

Comrade Lu Rongjing delivered a speech at the meeting's close. He said the Sixth Anhui CPC Congress, following discussions of all agenda items, completed various tasks, thanks to the care shown by the CPC Central Committee, to the concrete guidance provided by the CPC Central Committee Organization Department, and to the common efforts of all delegates. The congress was a meeting of unity, democracy, and progress that will surely produce a major and profound effect on further accelerating the pace of reform, opening up, and modernization construction in our province; on realizing the second-stage strategic goals; and on triumphantly advancing toward the 21st century. All levels of party organizations and the broad mass of party members and cadres should closely rally around the CPC Central Committee with Comrade Jiang Zemin at its core, conscientiously implement the guidelines set down at the congress, and work hard to comprehensively realize the strategic targets and various tasks forwarded at the congress with one heart and one mind and with a spirit of going all out to make the province strong and prosperous under the new term of the provincial CPC committee.

The congress closed triumphantly amidst the solemn strains of the Internationale.

Jiangsu Focuses on Economic Efficiency

OW2701044795 Nanjing XINHUA RIBAO in Chinese 7 Jan 95 p 1

[By reporter Shen Zhongchu (3088 0112 2806): "Provincial CPC Committee and Government Held a Provincial Economic Work Conference Stressing Hard Work To Enhance the Quality and Efficiency of Economic Growth and Promote Sustained, Rapid, and Healthy Development of the National Economy"—XINHUA RIBAO headline]

[FBIS Translated Text] From 4 to 6 January, the provincial CPC Committee and government held a provincial economic work conference in Nanjing to convey the guiding spirit of the Central Economic Work Conference and review our economic work in 1994. On the basis of conscientiously analyzing the situation and unifying ideological understanding, the conference studied the plan for this year's economic work. Secretary Chen Huanyou as well as Deputy Secretary and Acting Governor Zheng Silin delivered important speeches. Cao Keming, Gu Hao, Xu Zhonglin, Zheng Bingqing, Ji Yunshi, Yu Xingde, Wang Xialin, Liang Baohua, Jiang Yongrong, Wang Rongbing, Zhang Huaixi, and others attended the conference. Also attending the meeting were secretaries and mayors of all cities in the province, major responsible comrades of all departments in the province, and responsible comrades of economic departments of all cities in the province.

The conference held that the overall situation in the province in 1994 was good. In terms of agriculture, the province overcame severe droughts and reaped fairly good harvests. As a result, rural areas witnessed overall economic growth. Industrial output increased rapidly, with gradual improvement of management. Investments in fixed assets were increased, while major construction projects were strengthened. Financial revenues increased fairly well, while the banking situation remained basically stable. Some important reform projects aimed at the establishment of a socialist market economy progressed smoothly. Enterprise reform deepened continuously. More efforts were made in the reform of the social security system. New steps were taken in the drive toward opening up to the outside world, with a marginal increase in exports. Many improvements have been made in attracting and utilizing foreign funds. We achieved new successes in developing various social undertakings and in improving the people's standard of living, while social security remained stable. The conference pointed out that while fully affirming the achievements we should also pay great attention to the difficulties and problems existing in economic operations. We should try to find out potential problems as early as possible so that we can make plans to solve them promptly. We should unify our understanding about the situation from three perspectives. First, it is necessary to subordinate ourselves to the overall interests of the country. We should unify our understanding of the importance of guiding ideology, principle, and policy put

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

forward at the Central Economic Work Conference and resolutely carry them out. We should guarantee the smooth implementation of various policies and directives. Second, we should carry out the guiding spirit of the Ninth Provincial CPC Congress and take a solid step toward modernization this year. Third, effective measures should be taken to solve outstanding problems in our economic life so as to ensure sustained, rapid, and healthy economic growth.

The conference held that the guiding ideology for this year's economic work in Jiangsu is as follows: Guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, we should comprehensively carry out the guiding spirit of the 14th National Congress of the Party, the Third Plenary Session of the 14th CPC Central Committee, the Fourth Plenary Session of the CPC Central Committee as well as the Ninth Provincial CPC Congress. We should continue to adhere to the principle of "seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability." We should focus on improving the quality and efficiency of economic growth. We should take resolute measures to curb inflation. We should strengthen agricultural foundation, readjust and optimize the economic structure, archive more scientific and technological results, and accelerate the pace of various reform programs which are aimed at improving enterprises. We should open wider to the outside world. In this way we can realize the goal of a sustained, rapid, and healthy development of the national economy, as well as overall progress of society. The conference pointed out that the general goal of this year's economic work in Jiangsu was determined after repeated studies and calculations, as well as extensive consultations on public opinion. This general goal was set in accordance with the guiding spirit of the Central Economic Work Conference and the Ninth Provincial CPC Congress. The development of social undertakings as well as the improvement of the people's material and cultural life require that our economy maintains a certain speed of development. Judging from our current condition and environment, Jiangsu is surely able to go faster than the average speed of the country. Of course, our speed represents a relatively higher level of quality and efficiency. It is necessary for us to make a change in our economic affairs—to change our focus from extensive economic expansion to intensive economic development and from extensive to intensive management. Great efforts should be made to improve quality, efficiency, and management standards so as to ensure that our economy, while enjoying growth in general quantity, will achieve improvement both in operational quality and overall quality.

The meeting pointed out that if we want to do this year's economic work well, we should concentrate on the following points: (1) Effective measures should be taken to control prices and curb inflation. In the light of caring about people's livelihood, consolidating the achievements of reform, and safeguarding the stability of the overall

situation, we should make a firm resolution to curb inflation. The key to solving this problem lies in two things. First, we should strive to increase effective social supply and ensure ample supplies of vegetable and rice so as to safeguard the people's basic needs. Second, we should control the excessive growth of social demand and maintain a basic balance between total supply and demand. Further efforts should be taken to strengthen price management and control. We should carry out the goal of price control by practicing a system of responsibility for administrative leaders and bringing to a firm stop the price hikes, which are caused by the fact that some departments and units only take their own interests into consideration. In the first half of this year, governments at all levels shall not introduce any new price hike proposals. (2) Further efforts should be made to consolidate and strengthen the farming sector's status as the foundation of the national economy and promote the overall development of the rural economy. We should strengthen our planning and policy guidance and ensure that sufficient acreage will be assigned for planting grain, cotton, and oil-bearing seed crops. We should strive to achieve the goal of increasing the output of grain, cotton, and oil-bearing seed crops. In the light of increasing peasants' incomes, we should vigorously promote diversified operations and village and town enterprises. We should try to increase agricultural input. Governments at all levels should increase the proportion of agricultural input in their aggregate investment. Meanwhile, we should continue to carry out the policy of encouraging the subsidization and development of agriculture by industry and actively guide peasants to increase their input and labor accumulation. (3) We should comprehensively push forward various reforms, focusing on deepening the reform of enterprises. We should proceed from the realities in the province and concentrate on the reform of enterprises, particularly state-owned enterprises. We should make enterprising reform more systematic. In addition, more supplementary measures should be taken to strengthen it. In this way, state-owned enterprises can form their new advantages and bring them into play in the new situation. It is necessary to do well the work of conducting a test of the modern enterprising system at selected points in accordance with the state's plan. We should carefully organize the work, set up a strict standard, actively explore new methods, and speed up our pace. We should continue to carry out the "Regulations on the Change of Operating Mechanisms in State-Owned Industrial Enterprises" and make sure that state-owned large- and medium-sized enterprises will enjoy 14 items of decision-making power. We should comprehensively strengthen and improve the internal management of the enterprises, apply it in the whole process of their production and management, and establish a management mechanism for them to adopt themselves to the market. We should accelerate the pace of supplementary reforms, focusing on pension and unemployment systems. We should continue our efforts to improve the reform of the macroeconomic control system. We should carry out the principle that government administration and enterprise management are separated. We should transfer powers to

the enterprises which are able to handle things by themselves. We should cut down on unnecessary intervention imposed on the enterprises by administrative units at all levels so that enterprises can compete in the market without any hindrances. In reforming collective enterprises in urban and rural areas, we should pay attention to setting up norms and try to preserve and increase the value of collective assets. (4) We should open wider to the outside world and speed up the drive of gearing up our economy toward the international market. We should take active measures to readjust our export product mix in light of the features of the international market structure and the changes of demand. We should support and encourage enterprises to form large groupings and become more industrialized and internationalized. We should continue to take active, reasonable, and effective measures to utilize foreign funds and try to integrate the utilization of foreign funds with the readjustment of industrial structure in our province by guiding foreign businessmen to invest in high-tech industry, basic industries, products that yield a high added value, and comprehensive agricultural development. We should strive to ensure that funds for building three kinds of partially or wholly foreign-owned enterprises are available in time, that they will be put into operation in time, and that their export earnings, benefits, and taxes will be increased. We should continue to expand the field of economic operations with foreign countries and speed up the establishment of an international network of economic relations and trade. We should formulate a scientific and reasonable development plan so that we can integrate the construction of development zones with the renovation of old enterprises and the rebuilding of old housing districts with the readjustment of the industrial structure. While accelerating the construction of hard environments, such as infrastructural facilities, we should also conscientiously strengthen the construction of soft environment. (5) Efforts should be made to improve economic operations and to achieve rapid and healthy economic development. We should consider it our major task to promote the quality and efficiency of economic growth. We should ensure that the funds are used even more efficiently. We should ensure that the funds are used reasonably and that the turnover of funds is faster. We should ensure a sufficient supply of funds for key construction projects, as well as for enterprises with good market and economic performance. In this way, we can increase the utilization efficiency of the funds. We should consider the work of opening more domestic and international markets an important task for us to organize the production of industrial and transportation sectors. While striving to open more international markets, we should make more efforts in opening domestic markets. We should strengthen market investigation and research and formulate, in light of the changes in market demand, our strategies and policies for opening more markets. We should coordinate industrial and commercial sectors in our province and launch several fairly large and influential sale promotion campaigns in inland and remote provinces. In this way, we can make Jiangsu-made products famous. We should optimize the industrial structure and

strengthen the overall competitiveness of our industrial sector. Each and every enterprise should understand the development trend of its counterparts, the current levels that its domestic and international counterparts have achieved, and the status of its own products in the competition. They should have a plan for upgrading their own products. They should continuously develop new products, which can only be manufactured with a higher level of scientific and technological achievement. We should accelerate the pace of building a batch of "hallmark" [biao zhi 2871 1807] projects, including major industrial capital construction projects, technological renovation projects, and projects to promote the commercialization and industrialization of new and high technologies. We should vigorously turn scientific and technological achievements into a practical productive force by strengthening the cooperation between industrial, academic, and research sectors. It is necessary to organize a batch of large-scale trans-regional, trans-sector, and trans-ownership enterprise groups that boast of large assets and high quality well-known goods. Efforts should be made to strengthen the internal management standards of enterprises.

The conference stressed that it is necessary to strengthen and improve the control of economic operations in order to enhance the quality and efficiency of economic growth. We should correctly deal with the relations between reform, development, and stability. We should make proper arrangements for various tasks regarding reform and development. We should ensure that reform, development, and stability will be mutually coordinated and mutually supplementary. We should pay attention to maintaining a basic balance between aggregate supply and demand. We should conduct in-depth studies on such issues as the proper investment rate and the investment growth rate in the province. On the basis of giving adequate consideration to a balance between investment and financial and material ability, we should ensure the proper growth of aggregate investment. Meanwhile, we should pay attention to the promotion of investment efficiency. It is necessary to correctly deal with the relations between accumulation and consumption. While improving the people's living standard, we should make sure that the growth of consumption funds will not outstrip that of economic efficiency. In this way we can maintain our ability to further economic development. We should strengthen the coordination of and control over economic operations. We should establish and improve a macroeconomic monitoring and alarm system and strengthen the studies of policies and the work of policy-oriented guidance. We should strengthen the coordination of economic operations by comprehensively utilizing controlling levers and enhancing our ability to control the economy.

The conference urged that we should conscientiously strengthen and improve the party's leadership over the economic work and that party committees and governments at all levels should make more efforts in acquiring knowledge, changing work styles, and improving leadership. We should emphasize economic development, take overall interests into consideration, plan well, and work

in a thoroughgoing manner. We should go deeply into the realities, the grass-roots units and mingle with the masses. We should do a good job in investigations and research, understand the real situation, provide good services, and conscientiously solve the contradictions and problems in our economic life. We should conduct investigations into potential problems. We should rely on the people, make concerted efforts, fully tap various potentials, overcome difficulties, and lead the people to realize all of the goals. Through effective propaganda and ideological work, we should guide the people to engage in the great practice of deepening reform, accelerating development, and promoting stability. All localities and departments should correctly deal with the relations between overall interests and partial interests, between long-term interests and current interests. They should conscientiously carry out the policies and regulations adopted by the state and the province and make sure that partial interests subordinate themselves to overall interests. We should do two types of work at the same time, attaching equal importance to both. We should conscientiously strengthen party building, spiritual civilization construction, and democratic and legal system construction. We should pay attention to the mobilization of the enthusiasm of all sectors. We should pool the strength of all sectors, make constant and solid efforts to comprehensively accomplish all the tasks of this year's economic work.

Shanghai To Establish Modern Enterprise System

OW2701094995 Beijing XINHUA in English 0901
GMT 27 Jan 95

[FBIS Transcribed Text] Shanghai, January 27 (XINHUA)—The reform in Shanghai this year will focus on the establishment of a modern enterprise system in an effort to invigorate state-owned enterprises, according to Deputy Mayor Meng Jianzhu.

Addressing a conference on restructuring the economy in Shanghai, Meng said that the reform of the State-owned asset managerial system and the social security system will also be carried in 1995.

Meanwhile, it is necessary to institute a modern commodity circulation system, separate the functions of the government from those of enterprises and transform the government functions, he said.

He said that the framework for a modern enterprise system will be set up over the next three years in the largest manufacturing center in China, in order to optimize the distribution of State-owned assets.

He added that 140 enterprises will try out the modern enterprise system in the first half of this year, and more will do so in the second half of the year.

"The modern enterprise system takes a variety of forms, including wholly state-owned companies, limited-liability shareholding companies and co-operative joint-stock companies," he said.

Under that system most state-owned enterprises will be turned into limited-liability companies, Meng said, adding that the number of listed limited-liability shareholding companies must be very small.

"The establishment of a modern enterprise system is not the only model for enterprise restructuring," he noted.

He asked local enterprises of different sizes to explore different ways of reform in line with their own conditions.

"Major enterprises should concentrate on introducing a modern enterprise system," he said.

A co-operative joint-stock system is best suited to small enterprises, he said, noting that 7,000 enterprises had instituted such a system by the end of last year, with shares totalling 4.8 billion yuan.

According to Meng, cultivating and expanding markets for factors of production is a major part of economic restructuring in Shanghai this year.

To this end, it is imperative to expand and improve the property rights market with rules formulated to govern trading, and the labor market to provide jobs for workers from state-owned enterprises as a result of enterprise restructuring, he said.

Meanwhile, land-use rights must be transferred on a paid basis to facilitate the readjustment of the industrial structure and the upgrading of existing urban areas, he added.

Meng announced that Shanghai will try to increase the number of market-oriented intermediate organizations, including accountants' offices, auditing offices, lawyers' offices, bankruptcy-handling agencies, asset and credibility assessment agencies, information and consultancy offices, and brokerage companies.

Efforts will also be made to extend the coverage of pension insurance, improve the unemployment insurance system, and step up the reform of the housing system and the medical insurance system, he said.

Zhejiang Leaders Address Grain Work Meeting

OW2601234695 Hangzhou ZHEJIANG RIBAO in
Chinese 10 Jan 95 pp 1, 2

[Unattributed report: "Provincial Party Committee, Government Call a Provincial Grain Work Meeting To Implement the System of Responsibilities at Different Levels of Grain Work and To Deepen the Reform of Grain Management System"]

[FBIS Translated Excerpt] The provincial party committee and government called a provincial grain work meeting in Hangzhou on the morning of 9 January. At the meeting, the provincial party committee and government commended counties (cities and districts) that excelled in grain work and advanced units that excelled in supporting agriculture in 1994, assigned grain tasks to lower levels,

announced production and marketing goals for 1995, and worked out arrangements for implementing the system of responsibilities at different levels of grain work and for reforming the grain management system.

Liu Xirong, provincial party committee Standing Committee member and vice governor, chaired the meeting.

Chai Songyue, deputy secretary of the provincial party committee and executive vice governor, read a "Decision on Commending Advanced Counties (Cities and Districts) Outstanding in Grain Work and Advanced Units in Supporting Agriculture in 1994." [passage omitted]

Wan Xueyuan, deputy secretary of the provincial party committee and governor, assigned grain tasks to various city, prefectural, and county governments (administrative office); and 11 mayors and commissioners received the "grain task certificates" signed by the governor.

Provincial party committee Secretary Li Zemin and Governor Wan Xueyuan spoke at the meeting. [passage omitted]

Li Zemin emphasized: In solving problems related to agriculture, especially grain, we should deepen reform in grain production, procurement, allocation and transportation, storage, and marketing. In view of the arduous tasks of reform in these areas, we should proceed from our national condition in establishing systems and mechanisms commensurate with the requirements of a socialist market economic structure. This year, the province has decided to establish a system of responsibilities at different levels of grain work, and to introduce a two-front operational system by separating government administration from enterprise management in the grain department. Party committees and governments at all levels should work hard to implement these important reform measures. To ensure a good job in grain work, administrative leaders must assume responsibility with party committees giving them full backing.

Li Zemin said: To promote agriculture and grain production, we should truly implement the policies laid out by the central and provincial governments. At the provincial rural work conference, the provincial party committee and government worked out quite a few good policy measures for grain production and marketing and input in agriculture. All localities must adopt various economic, legal, and administrative means to implement these policy measures to the letter. We should bring into play our political advantages, including party leadership and the exemplary role of party members and cadres, should fully mobilize the masses, and should strengthen ideological and political education. Meanwhile, we should persist in seeking truth from facts, do things according to the law of value, and pay close attention to work methods. The current stress on grain production does not mean that we should "take grain as the key link." Rather, we should continue to promote all-round development of the rural economy by going all out to

develop agriculture toward a pattern of high yields, high quality, and high efficiency; by optimizing agricultural structure; and by promoting the production of cotton and other cash crops.

After analyzing the grain situation in Zhejiang, Wan Xueyuan said: Grain is a vulnerable aspect of agriculture, and the ultimate way for promoting grain production lies in reform. To reinforce agriculture and grain work, the most pressing task of reform at present is to establish a system of leaders assuming responsibilities at different levels of grain work, and to introduce a two-front operational system by separating government administration from enterprise management in grain management. These are two interactive and supplementary reform measures. The establishment of the system of responsibilities at different levels of grain work is not only aimed at bringing into play our political advantages to implement the series of principles and policies of the party Central Committee and the State Council for strengthening the position of agriculture as the foundation of the national economy and for steadily developing grain production at each level; but also at harmonizing the relations of economic interests between major grain production and marketing areas and harnessing the enthusiasm of all sectors in developing grain production to increase the total supply, thereby alleviating grain shortages once and for all. The deepening of reform in the grain management system and introduction of the "two-front operational system and separation of government administration from enterprise management" is aimed not only at strengthening the functions of governments at different levels in ensuring grain supply, regulating the market, stabilizing production, keeping prices stable, and ensuring supply; but also at further invigorating grain enterprises, enhancing their capability to compete in the market and further develop themselves, and more effectively bringing into play the role of state-owned grain enterprises as the main channels for obtaining and storing goods. We must thoroughly recognize the importance and necessity of establishing the system of responsibilities at different levels of grain work and of deepening reform of the grain management system; must further achieve unity in thinking and understanding; and must steadfastly carry out these two reform measures until some results are obtained. [passage omitted]

Wan Xueyuan emphasized: In further reforming the grain management system, we should separate the grain department's policy-related activities from commercial and business activities. The "two-front operational system and separation of government administration from enterprise management" is a major reform measure which the provincial party committee and government are determined to introduce. The overall guiding principles for the reform are: Unifying leadership, operating in two fronts, clearly defining functions, separating business accounting from policy-related activities, stabilizing the market, and invigorating management. This is to say that, under the grain administration's unified leadership, policy-related activities of grain enterprises shall be separated from their commercial and business activities

and business accounting; the grain administration shall earnestly execute its functions in ensuring grain supply and stabilizing grain prices and markets; and grain enterprises shall manage their business on their own and expand continuously in market competition while carrying out grain policy-related activities assigned by the government.

Wan Xueyuan said: The "two-front operation system and separation of government administration from enterprise management" in the grain department, which is a major reform in Zhejiang's grain management system in more than four decades, involves many areas and is closely related to policy implementation. Therefore, party committees and governments at all levels must pay close attention to the reform by effectively strengthening leadership and working out meticulous plans to carry out the reform. [passage omitted]

Xu Xingguan, vice chairman of the provincial people's congress Standing Committee; Xu Jiaxian, vice chairman of the Chinese People's Political Consultative Conference Zhejiang provincial committee; and Jiang Baobao, deputy commander of the provincial military district, were present at the meeting, which was attended by party committee secretaries, mayors, commissioners, county magistrates, and agriculture and grain bureau directors from all cities, prefectures, and counties, as well as senior officials of the relevant provincial departments.

Southwest Region

Gyamco Speaks on Tibet's Gold Mining Potential

OW2701050295 Lhasa Tibet People's Radio Network in Mandarin 1400 GMT 18 Jan 95

[FBIS Translated Text] The Tibet regional gold mining work conference opened in Lhasa on 18 January. Gyamco, executive vice chairman of the Tibet Autonomous Regional People's Government and head of the region's leading group for gold mining work, spoke at the meeting. He said, Tibet is rich in mineral resources and mineral output value accounts for about 20 percent of the region's total industrial output. There are bright prospects for tapping the abundant gold mine resources. Gold mining could become another new growth sector for the region's economic development. He said, as part of the gold mining work for this year and for a certain period in the future Tibet should stress emancipation of the mind, carry out various types of cooperation with other provinces and regions, enhance unity, strengthen management, enforce laws and regulations, and gradually improve gold management organs and the management system. He also stressed the need for Tibet's gold mining sector to give priority to developing the (Zenazanbu) gold mine this year. He called on local gold mining departments to publicize the legal system, conscientiously implement gold-mining related laws and regulations, run gold mines according to law, do a good job in utilizing and protecting gold mining

resources, bring about the development of state and collective-owned gold mining enterprises, and actively support and assist county and township governments to organize farmers and herdsmen to run small gold mines in border and remote areas according to law.

(Pingcuo Jiebo), deputy director of the region's industry power department, delivered a work report at the meeting. According to his report, there are now 148 mine zones in the region, of which six have been found to have deposits. Last year, the region produced 13.527 kilograms of gold, up 361.67 percent from 1993. Remarkable results have also been scored in geological surveys of gold reserves. As of the end 1993, an aggregate 14.225 tonnes of deposits have been discovered in six gold mining zones.

Tibet People's Congress Improves Legislative Work

OW2701035995 Lhasa XIZANG RIBAO in Chinese 9 Jan 95 p 1

[By XIZANG RIBAO correspondent Song Yulin (1345 3768 2651): "Our Region's Legislative Work Has Entered a New Phase"]

[FBIS Translated Text] Our region's legislative work has entered a new phase. According to our understanding, the Sixth Tibet Autonomous Regional People's Congress Standing Committee, in the process of establishing a socialist market economy in our region, has set an objective of tentatively building a legislative framework that is suited to stability, reform, construction, and development in our region. It has done this in order to preserve national solidarity and ethnic unity, promote economic development in nationality regions, and promote all-around progress in the autonomous region under the leadership of the autonomous regional party committee; the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party basic line; and in keeping with the objective of legislation proposed by the Third Plenary Session of the 11th CPC Central Committee, as well as realities in Tibet. It has also done this by revolving around the theme of promoting stability and development; persevering in being firm in "both hands," mainly to develop the economy and preserve order in the market economy; and by paying attention to the principle of feasibility, practicality, and relativity.

In the process of enacting legislation, the autonomous regional people's congress standing committee has persevered in seeking truth from facts, proceeded from realities in all aspects, shaken off the fetters of the planned economy, and mentally fostered the concept of serving economic construction. To improve its efficiency in deliberating laws and statutes, and thus guarantee the quality of its legislative work, it has broken with convention, which dictates that different departments deliberate different categories of legislative motions. Meanwhile, it has engaged in the formulation and deliberation of laws and statutes at an earlier stage—the formulation

of a motion involves a process in which draft laws and statutes are formulated by relevant government departments, then examined by the government bureau of legislative affairs before being submitted as motions—and has harmonized relations concerning responsibility, rights, and interests among relevant departments. It has focused on enhancing the roles of experts and scholars, aroused the enthusiasm of all social sectors, and ensured the smooth promulgation of all laws and statutes. Last year, our region promulgated 12 local laws and statutes, including the "Tibet Autonomous Regional Regulations on the Management of Commodity Trade Markets," and the "Tibet Autonomous Regional Procedures for the Implementation of the Law of the People's Republic of China on Mining Safety," which account for 21 percent of the amount of legislation planned by the Sixth Tibet Autonomous Regional People's Congress Standing Committee. In terms of quantity and quality, 1994 saw the best legislation since the establishment of the standing committee. Among the legislative successes are six economic documents that accounts for 50 percent of the total amount of legislation enacted last year.

Through legislation, we have fully enhanced the functions of local laws and statutes to guide, promote, protect, and keep construction of a socialist market economy within bounds, and laid a legislative foundation for all construction efforts in our region. We have also strengthened economic legislation, creating a favorable legislative environment for economic construction in our region. The "Regulations on the Management of Foreigners Who Arrive in Tibet for Mountain Climbing," our region's first legislation concerning foreign nationals, whose formulation was actuated by the objective of serving economic construction, have further utilized effectively and fully, in the form of legislation, the special policies adopted by the central authorities for Tibet, so that our region can fully utilize its abundant mountain resources to gain economic returns.

Article on Tibet's Education, Science Work in 1994

OW2701062095 Lhasa Tibet People's Radio Network in Mandarin 1400 GMT 19 Jan 95

[First of a nine-part New Year's series: "Looking Back at '94 and Looking Forward to '95": "Raising High the Banner of Development"]

[FBIS Translated Excerpt] In 1994, Tibet scored eye-catching achievement in education, science and technology, culture, public health, posts and telecommunications, and sports.

At the fifth regional education conference held last year, our region defined its educational goal to be achieved before the end of this century and made decisions on major issues, such as increasing budget and capital investment for education. In 1994, some 60 million yuan was spent in educational capital construction at the regional level. Separately, some 11.26 million yuan was

spent by prefectures and cities while 7.11 million was spent by counties. The general public also showed unprecedentedly great enthusiasm in raising and donating money to build schools. During the year, 82 new township primary schools and 249 new village lower primary schools were set up and 51 existing township primary schools and 307 existing village lower primary schools were expanded or renovated. In addition, 10 new middle schools were set up. The number of primary and middle school student enrollment increased by more than 24,000. The total enrollment of primary school students was 233,000, while that of middle school students was 28,000. Some 67 percent of school age students attended primary school, up 4 percentage point over 1993. Institutions of higher learning, secondary specialized schools, and adult schools also explored ways of reform that are more compatible with Tibet's reality and made encouraging progress in optimizing structures, adjusting specialization, and improving educational standards.

In science and technology, which is a primary productive force, the region carried out 113 research projects related to Tibet's economic development. Difficult problems in agriculture, animal husbandry, biology, and mineral resources were tackled. As of the end of 1994, 51 projects had won regional science and technology progress awards. [passage omitted]

More than 20 delegations from abroad visited Tibet for scientific survey and exchange during 1994. Experts in Tibetan studies from seven countries visited Tibet for academic exchanges. Our own experts in Tibetan studies visited Norway and France. [passage omitted]

In radio, film, and television, new measures were adopted to strengthen their role in guiding public opinion, improving program quality, and expanding the area of reception. Some 43 percent of the population were able to receive radio broadcasts, while 40 percent were able to receive television broadcast. This has greatly enriched the cultural life of people in our region.

North Region

Beijing Outlines Plan for Party Building

SK2601023095 Beijing BEIJING RIBAO in Chinese 26 Dec 94 pp 1, 3

[Outline of the Beijing Municipal CPC Committee's Three-Year (1995-1997) Plan for Strengthening Party Building approved at the fifth plenary session of the seventh Beijing Municipal CPC Committee on 3 November]

[FBIS Translated Text] The fourth plenary session of the 14th party Central Committee was an important meeting significant to the overall situation and to long-term interests. The "decision of the CPC Central Committee concerning several major issues on strengthening party building" made at this plenary session is a programmatic

document of the new period for strengthening and improving party building. Resolutely, conscientiously, and comprehensively implementing the guidelines of the fourth plenary session and promoting Beijing Municipality's party building to a new height constitute a very arduous and glorious task to the party organizations at all levels in Beijing.

Party building is closely related to the party's political line. Adhering to the party's basic line for 100 years without wavering and building China into a prosperous, democratic, and civilized socialist modern country are our general goals. To attain this goal, the key is upholding party leadership, strengthening party building, and building our party into a Marxist political party, which is armed with the theory of building socialism with Chinese characteristics, which serves the people wholeheartedly, which is completely solid ideologically and politically, which is capable of withstanding various risks, and which always stands at the fore of this era.

Plans and arrangements for different stages should be made in order to attain the general goal of the party and accomplish the great project of party building. Based on Beijing's specific conditions and the requirement of the central authorities for achieving the grand goal of modernization in three steps, Beijing Municipality, after accomplishing the first step of having sufficient food and clothing, put forward at the first session of its 10th people's congress the second-step strategic objective of achieving a moderately prosperous life three years ahead of schedule in 1997. Corresponding with this, it formulated the three-year plan for strengthening party building.

In the three-year period, all the party members in the municipality, especially leading cadres at all levels, should achieve substantial upgrading in their understanding of the theory of building socialism with Chinese characteristics; leading bodies, on the premise that they remain revolutionary, should achieve substantial improvement in their age, knowledge, and vocational structures; the various specific systems for democratic centralism should be by and large perfected and implemented; the role of grass-roots party organizations at fighting bastions and the role of party members as vanguards and models should be notably enhanced; and the party's fine traditions and work styles should be further carried forward, and new achievements in administrative honesty should be won continuously in the period. In this way, a solid political, ideological, and organizational guarantee can be provided to the endeavor of achieving a moderately prosperous life three years ahead of schedule, and a good foundation can be laid for implementing the third-step strategic objective.

The Importance and Urgency in Strengthening Party Building

1. Since the third plenary session of the 11th party Central Committee, Beijing Municipality has scored

great achievements in party building. It has adhered to the ideological line of emancipating the mind and seeking truth from facts, held large-scale discussions on mind emancipation one after another, and made continuous efforts to update ideas, thus inspiring the vast number of party members and cadres to conduct exploration and practice bravely. It has adhered to the party's basic line and, firmly focusing on economic construction, the central task, has deepened reform and opened wider to the outside world, thus facilitating fast economic development and comprehensive social progress. It has upheld the four cardinal principles, eliminated the interference of the ideological trend of bourgeois liberalization, and withstood the severe test presented by the 1989 turmoil and counterrevolutionary rebellion, thus safeguarding stability and unity and ensuring the smooth progress of reform, opening up, and the socialist modernization drive. It has persistently paid attention to improving the party's ideological and theoretical level and improving leading bodies, which are two basic construction projects, and achieved a good beginning in the intensive study and application of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics conducted by all the party members in the municipality, especially leading cadres. In line with the principle of "four requirements" on the cadre contingent and the principle of political integrity and ability, it has trained and promoted a large number of outstanding young and middle-aged cadres to leading bodies at all levels, this instilling new vigor into the leading bodies.

It has upheld democratic centralism to ensure implementation of the party's line, principles, and policies and unimpeded enforcement of government orders. It has carried out mass activities to appraise, select, and learn from "10 top" communist party members and 10 banners of advanced party branches to effectively promote the building of grass-roots party organizations and party-member contingents. It has restored and developed the party's fine traditions and work styles, thus enabling the practice of investigation and study to take shape initially in all the leading organs and leading cadres of the municipality. It has made persistent efforts to improve party style and strengthen administrative honesty and achieved good results in the anticorruption struggle for the designated period.

All the eye-catching achievements in the capital's modernization drive scored under the leadership of the party Central Committee in the 16 years since the initiation of reform and opening up cannot be separated from the efforts to strengthen party building. As has been proven in practice, Beijing Municipality's party organizations have maintained a high degree of political unity with the party Central Committee; the role of party organizations as fighting bastions and the role of party members as vanguards and models have been developed fairly successfully; and the party is strong and capable of surviving storms. In promoting the capital's reform, opening up, and modernization drive, we should always persist in

and improve party leadership and strengthen and facilitate party building. Any viewpoints and methods that suspect, weaken, and negate the party's position as a ruling party and its leading role and that neglect and slacken efforts in party building are fundamentally wrong and very harmful.

2. Measuring by the requirements of the "decision" of the fourth plenary session and in view of the ever changing international situation and the heavy and arduous tasks for reform, opening up, and achieving a moderately prosperous life three years ahead of schedule, Beijing Municipality is still falling far behind in party building, and its ideology, organization, and work styles are still incompatible in many aspects with the development of the situation. Building socialism with Chinese characteristics is an unprecedented brand-new great undertaking, in which there are no ready experiences. In the process of establishing the socialist market economy system, in particular, the ideological and theoretical level, knowledge level, leadership level, and ability to pioneer the way forward of all the party members in Beijing, especially leading cadres, need to be raised urgently; the age, knowledge, and vocational structures of leading bodies need to be further improved; the phenomena in which the party does not take charge of party affairs, the party does not run the party strictly, and the discipline is lax exist in some localities and units to a serious extent; and a small number of grass-roots party organizations are weak and flabby, and the party building in new economic organizations remains very weak. In particular, certain negative factors and corrupt phenomena are spreading in some units, seriously corroding the contingents of party members and cadres. Beijing is the capital of the motherland, a political and cultural center of the state, and one of the centers for international and domestic exchanges. It is especially important and urgent to strengthen party building in Beijing. We should be determined and redouble our efforts to promote party building to a new level.

Achieve Progress in the Party's Ideological and Theoretical Level

3. Achieving ideological and theoretical progress is a basic project, which should be continuously placed on the top of party building and persistently carried out. All party members, especially leading cadres with party membership, should enhance the awareness of achieving progress in the party's ideological and theoretical level.

The focus of the efforts to achieve progress in the party's ideological and theoretical level and to study Marxism-Leninism-Mao Zedong Thought is the intensive study and mastery of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. We should put more efforts into the conscientious reading of Comrade Deng Xiaoping's original works to comprehensively and systematically master the scientific system of his theories; into the scientific approach and creative spirit characterized by emancipating the mind and

seeking truth from facts; and into the application of theoretical research to current major issues. We should particularly make clear what socialism is and how to build and develop socialism so as to have more initiative and become more steadfast in implementing the party's basic line.

4. Efforts should be made to study theories precisely and to study those that are applicable. Leading cadres at or above the section level across the municipality should also read in a planned manner and on a selective basis the Marxist classics every year in the coming three-year period while continuously and deeply studying the first, second, and third volumes of "Deng Xiaoping's Selected Works" so as to deepen their understanding on Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. Meanwhile, they should vigorously study the theories; the basic knowledge of the socialist market economy; the knowledge of modern science and technology and of laws world history, and Chinese history—particularly Chinese modern history and the history of the CPC. The propaganda department under the municipal party committee should present the catalog of books that must be read and conduct guidance and inspection over the reading campaign. It is hoped that through study and practice, these leading cadres are able to foster a correct world outlook and a correct outlook on life; to more consciously uphold the party's basic line; and to enhance their sensitivity in principles, systems, anticipation, and creation. In particular, they should help young cadres at the district-county-bureau level lay a solid foundation in theory so as to enable them to accurately hold the orientation, to withstand the test, and to assume heavy duties in front of any storm; as well as to enable them to unswervingly uphold the party's basic theories and line. These leading cadres should vigorously build the contingent of young cadres in charge of theoretical work who are strong in politics, are emancipated in minds, and have a solid foundation of theories; and whose knowledge [structure is rational. They should also ensure the supply of successors for the party's theoretical work and the prosperity of the work.

Within the three-year period, we should carry out in a planned, step by step manner the activities of studying the theory of building socialism with Chinese characteristics and the Party Constitution among the broad masses of party members by adopting the methods of holding the concentrated classes of training cadres in a group or in turns and of holding party classes on special topics. We should enable them to foster the Communist ideal and the belief of unswervingly following the road of building socialism with Chinese characteristics, to uphold the goal of serving the people wholeheartedly, to correctly exercise their rights and interest, to earnestly implement the obligation of party members, and to bring into play the vanguard and model role of party members.

5. We should uphold and improve the system of directing party members and cadres to study theories and the system of training them.

We should uphold and perfect the system of directing the central group of leading bodies at or above the section level to study theories. These central groups should have two-day studies each month and fulfill the targets in studying plan, contents, time, and trainee's quota. Party committees at all levels should conduct inspection and appraisal each year over the studies of these central groups.

We should perfect the system of training party members and cadres. Leading cadres at the district-county-bureau level, who have not attended the study classes held by the Central Party School and the party school under the municipal party committee, should attend the study classes in groups, stage by stage, and in turns over a three-year period. We should first make arrangements for the study classes of the first leading personnel of party and government organs. Every newly-promoted leading cadre at the district-county-bureau level should attend the on-the-job training class. The party school of the work committees under the municipal party committee should be responsible for training the middle-aged and young reserve cadres at the district-county-bureau level. These work committees should assign about 100 cadres each year to attend the training classes held by the party school under the municipal party committee. The plan for training cadres at or below the section level should be formulated by various departments and commissions under the municipal party committee or by the party committee under the units at the district-county-bureau level.

We should establish the system of appraising the theoretical studies of leading cadres and regard the appraisal results as one of the important basis in allocating and promoting cadres.

We should uphold the system of having leading cadres give lectures to party classes. The principal leading cadres of party committees at all levels should at least give one lesson to the party classes and make one report on studying guidance.

All party members and cadres should upgrade their consciousness in study and foster the habit of racing against time in reading so as to prevent and overcome the tendency of paying no attention to and slackening efforts in study on the pretext of being busy in official affairs and social contacts.

6. We should make the best of the advantages of the capital, a galaxy of talents and a strong theoretical contingent; strengthen organization and coordination; and mobilize forces from all fields to intensify the research on the theory of building socialism with Chinese characteristics to provide scientific data for the municipal party committee and government to make important policy decisions concerning the specific issues on the reform and construction of the capital. Social science research departments under the municipality should regard conducting research on the theory of building socialism with Chinese characteristic

and on the reality of Beijing as important tasks. They should strive to score some highly valuable research achievements every year.

7. Party committees at all levels should strengthen leadership over party schools, successfully organize leading bodies, pay attention to improving the teaching contingent, further promote educational reform, adjust the curricula, improve teaching methods, and upgrade teaching quality. Grass-roots party committees with large numbers of party members should establish grass-roots party schools or spare-time party schools. Party committees that are unable to build party schools because of a lack of necessary conditions, should entrust the training of their cadres and party members to other units.

8. We should persistently integrate theory with practice and conduct study for the purpose of application. We should integrate theoretical research with investigation and study, conduct in-depth investigation and study on the major contradictions and important issues concerning the reform and construction of our own units, put forward measures to resolve them, promote work, and improve the leadership level. Each and every party and government leading cadre at the district, county, and bureau level should write at least one fairly high-level article or investigation report every year on the integration between theory and practice.

In theoretical study and publicity, we should pay attention to improving methods and emphasizing actual results.

9. We should further strengthen party leadership over the ideological and theoretical front, strengthen ideological and political work, and promote the building of the socialist spiritual civilization. Party organizations at all levels should resolutely implement the principle of "paying equal attention to two tasks and achieving success in both." With the aim of training new people who meet the "four requirements," they should particularly intensify ideological and moral education in patriotism, collectivism, and socialism among the masses and especially among the young people; and conduct education in plain living, arduous struggle, and building up the country through thrift and hard work, the education in professional ethics and social morality, and the education in the basic national situation, the municipal situation, and the basic knowledge on laws in order to guide the masses to foster the correct ideals, faith, and outlook on the world, life, and values, and in order to encourage them to have a sense of respect for the capital and a sense of responsibility and mission for rejuvenating China and making Beijing prosper. Newspapers and periodicals, and radio and television stations should thoroughly publicize Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics; persistently guide the people with correct publicity; and actively organize and publish the articles and reports on hot issues and difficulties concerning reform and construction, that are

theoretically profound and convincing, in order to resolve the doubts of the masses and spur them to plunge into the reform and modernization drive.

Intensify Efforts To Improve Leading Bodies

10. Improving leading bodies is the basic work for strengthening party building which directly determines whether the party's line can be implemented and whether the various undertakings led by the party can be smoothly promoted. In line with the principle of making leading bodies more revolutionary, younger, better educated, and more professionally competent, we should build leading bodies into leadership collectives which are firm politically, courageous in reform, familiar with their professional work, tied with the masses, united and coordinated, honest and practical, rational in structure, compact, and highly efficient.

Emphasis should be placed on the following two aspects in the next three years. 1) The quality and leadership level of the existing leading cadres should be improved comprehensively so that they will conform, as quickly as possible, to the new situation in establishing the socialist market economy system and will strive to achieve moderate prosperity three years ahead of schedule. 2) Great efforts should be made to promote outstanding young cadres who have the political integrity and ability to lead bodies and attach importance to developing the role of middle-aged and old cadres so as to bring up a large number of trans-century leading personnel capable of holding heavy tasks.

11. To improve leading bodies, we should first be selective in choosing top leaders of party and government organs and upgrade their quality. Top leaders of party and government organs at all levels, especially those at the district, county, and bureau level, have a great influence on a locality or a field. Therefore, the municipal party committee should pay particular attention to them when selecting leading cadres.

12. Further improving the age, knowledge, and vocational structures of leading bodies is a very urgent task for us. We should strive to accomplish the following work in three years.

An age structure should be established in the leading bodies of districts, counties, bureaus, and general corporations composed of cadres at the age of about 50, 40, and 30, where those of about 50 and 40 years of age comprise the main body, and there are an additional one or two of about 30 years of age. For the age structure of the leading bodies of the departments, committees, and offices under the municipal party committee and government and the leading bodies of the higher educational institutes and scientific research institutes under the municipality, age range may increase by an additional five years. Much attention should be paid to selecting women cadres, cadres of minority nationalities, and noncommunist cadres. Women cadres should account

for 20 percent of the cadres at the bureau level and over 10 percent of the heads of party and government departments.

Members with regular college education in the leading bodies at the district, county, and bureau level should be increased from the current 52 percent to 65 percent of the total, or still higher in industrial, urban construction, and foreign economic relations and trade departments. In the leading cadres of the schools of higher learning, those with high-grade titles should reach over 80 percent. From now on, cadres under 35 who are to be promoted to the leading bodies at the district, county, and bureau level should, in general, have an education of regular college or higher. General corporations and economic departments charged with overall responsibilities should increase the number of cadres who are familiar with business management, international economic relations and trade, modern financial management, and laws. Districts and counties should increase the number of cadres familiar with municipal management, international economic relations and trade, and laws.

All the leading bodies of township enterprises, neighborhood enterprises, large and medium-sized enterprises, and other units of a fairly large scale should be installed with cadres of about 30 years of age who have corresponding professional knowledge and fairly high educational level. Women cadres should account for 25 percent of the cadres at the section level.

13. The foundation for using personnel lies in training personnel. To constantly maintain the vigor of leading bodies, we should also build the contingent of reserve cadres well. This is a strategic measure. The size of the contingent of the reserve cadres at the district, county, and bureau level should be kept at 2,500, and dynamic management should be exercised. Emphasis should be placed on the selection and training of the reserve cadres for top leaders of party and government organs and those who may be promoted to the leading bodies at the district, county, and bureau level. Each year the municipal party committee should directly keep on call 200 outstanding young cadres at the section level, aged 35 and under, and should select 60 of them to participate in training for assuming the posts as department heads at the district, county, and bureau level.

In line with the principle of being comprehensively tempered, making improvement, and making up deficiency, we should organize in a well-planned manner reserve cadres to participate in theoretical and vocational training and to exchange posts. Those without overall leadership work experience should be placed in major leading posts at appropriate levels and be challenged with burdens. Those without grass-roots work experience should be placed in the forefront lines and should be tempered by holding posts or temporarily take on jobs in the arduous and complicated environment, while their original posts are retained. Through examinations for a period of time, those who are not qualified to be reserve cadres should be readjusted in a timely manner.

14. To strengthen the construction of leading bodies, we must persist in the principle that the party administers cadres, improve the party's methods for administering cadres, and positively promote the reform of the cadre personnel affairs system. To select and use cadres, we should persist in the principle of having both ability and political integrity, pay attention to public opinion, persistently select and use cadres from all corners of the country, and oppose the practice of appointing cadres by favoritism. To judge cadres' ability and political integrity, we should judge their practical achievements in implementing the basic line of the party and resolutely eliminate the outdated and backward ideas of arranging posts in the order of seniority, demanding perfection, giving special consideration, and looking down upon women. We should conscientiously carry out the public service system. We should introduce the competition mechanism to the cadres' work, expand the personnel selection channels, extensively open the roads for introducing the able, fully carry forward democracy, and follow the mass line. We should combine the assessments of leading cadres from higher levels downward with the democratic appraisals from lower to higher levels and link the assessments and appraisals of cadres with their promotion, demotion, reward, and penalty. We should boldly promote and assign heavy tasks to the outstanding cadres who have a high sense of devotion to the revolutionary cause and a sense of responsibility, are brave in doing pioneering work and blazing new trails, make outstanding political achievements, and enjoy the trust of the people. In particular, we should break rules to promote outstanding young cadres and women cadres and have them hold posts, be tempered, and become skilled persons as soon as possible. Resolutely, we must not promote those who have bad ideological quality, practice fraud, and ask for higher positions, and whom the majority of the masses do not support; and prevent and correct the unhealthy personnel appointment trends. Those who make mediocre political achievements and whose ability is noticeably unsuitable to their current posts should resolutely be readjusted. We should make efforts to establish a system in which cadres can be promoted or demoted.

We should select, promote, and use cadres strictly in line with the procedures as stipulated in the central regulations. That is: Carry out democratic recommendation, widely listen to opinions, and suggest the targets to be selected and promoted. The organizational and personnel affairs departments should make examinations. Through collective discussions and decisions, the party committees should deliver reports to higher levels in line with the rights to the management of cadres. Higher-level organizational departments should further make examinations and then submit the reports to the party committees for examinations and approvals. The administrative leading cadres should be appointed and removed according to legal procedures.

It is necessary to expand the exchange of cadres. The cadre exchange system should be linked with the leading

cadres' set-term service system and the nepotism system and the well-planned cultivation of young cadres. We should not only conscientiously achieve ideological and political work, but also strictly enforce the party's organizational discipline and ensure that cadres can be transferred or removed.

According to the central regulations, we should strictly carry out the cadre retirement system and conscientiously achieve the work toward retired cadres.

Strengthen the Party's Democratic Centralism

15. Democratic centralism is the party's basic organizational as well as leadership system and also the basic organizational principle of state organs. Democratic centralism is a system combining centralism on the basis of democracy with democracy under centralized leadership; and is the application of the Marxist theory of knowledge and the mass line to the party's activities and organizations. Establishing the socialist market economic system is an extensive and profound social transformation, which particularly requires that we uphold and improve democratic centralism, give full play to the enthusiasm and creativity of party organizations at all levels and the vast numbers of party members, pool the will and wisdom of the entire party, safeguard the party's unity and solidarity, and ensure the correct and effective implementation of the party's policy decisions. It is wrong to think that democratic centralism can be abandoned when implementing the socialist market economy, that upholding democratic centralism means to go back to the old path of the planned economy, and that democratic centralism is opposed to the administrative leader responsibility system. All party members and leading cadres at all levels should raise their awareness in safeguarding and implementing democratic centralism and strive to create a vivid and lively political situation in which there are both centralism and democracy, both discipline and freedom, and both unity of will and personal ease of mind.

16. We should resolutely safeguard the authority of the party Central Committee with Comrade Jiang Zemin as the core and make sure central orders are carried out smoothly. In the "four subordinations" stipulated by the party Constitution, the most important one is the subordination of the entire party membership to the Central Committee. Party organizations at all levels and all party members, especially leading cadres at all levels, should maintain a high degree of unity with the party Central Committee in the party's basic line, general principles, policies, and goals, and major issues concerning the overall situation. They should unfailingly implement the line, principles, and policies of the party Central Committee and abide by the state's Constitution, laws, and regulations in an exemplary manner. When the interests of a person, a locality, or a department contradict the overall interests of the party and the state, we should uphold party spirit and principles to avoid and overcome selfish departmentalism, take the initiative in subordinating to and safeguarding the overall interests, and

never take "countermeasures at lower levels against the measures at higher level" on any excuse.

17. Further developing inner-party democracy is the foundation for upholding and strengthening democratic centralism. The essence of socialist democracy is the people being masters of their own affairs, which is fundamentally different from bourgeois democracy and also totally different from anarchism defying discipline and order. Inner-party democracy should aim at accomplishing the party's program, proceed from guiding, protecting, and developing the enthusiasm of party members and cadres, and be developed by closely combining the functions of party organizations with the rights and obligations of party members. We should conscientiously respect and ensure the democratic rights bestowed on party organizations at all levels and party members by the party Constitution; uphold the scientific leadership method of from the masses and to the masses, centralism, and persistence; and establish and improve the democratic and scientific policy-making system. We should publicize important issues first within the party, listen to the suggestions and opinions of lower-level party organizations and party members, and subject ourselves to the supervision of party members. The party's principles, policies, instructions, and resolutions should be relayed to lower-level party organizations and party members in a timely manner so that party members will understand and participate more in inner-party affairs.

18. We should persist in the system combining collective leadership with division of labor and individual responsibility and safeguard the unity and solidarity of leading bodies. Collective discussions in party committees should be held first and decisions made in line with the principle of subordinating the minority to the majority on all the important matters concerning the implementation of the party's line; principles, and policies, on long-term plans and annual plans for economic and social development of our own localities and units; on the establishment and adjustment of organizations; on the recommendation, appointments, and removals of important cadres; on the execution of major reform measures; and on the major issues concerning the interests of the masses. No individuals, including secretaries, have the right to change the resolutions adopted by the collective. Different opinions may be reserved, but collective resolutions must be implemented. All the members of party committees should do their work in an active and creative manner in line with the collective resolutions and the work assigned them. The leading party groups or cadres in charge with party membership of local state organs and people's organizations should voluntarily subject themselves to the leadership of local party committees. Major issues should be handled according to legal procedures or regulations after discussions by party committees (leading party groups) and discussions with state organs and people's organizations. Party committees which have standing committees should hold plenary sessions at least twice a year to discuss major issues. Standing committee meetings and party committee

meetings must not be replaced by the work meetings of secretaries or the joint meetings of party and government leaders.

Upholding the party's line and democratic centralism is the foundation and guarantee for inner-party unity. Party unity is the party's life. Without party unity, especially the unity of leading bodies, nothing can be achieved. Secretaries hold the major responsibility for safeguarding the unity of leading bodies. They should act as an example, have the ability to unite comrades, truly develop democracy, and establish among the leadership collectives a good practice of allowing free airing of views. There should be mutual respect, mutual support, and mutual understanding between secretaries and members and between all the members, and they should learn from each other, help each other, and make concerted efforts to attain their common goals. We should correctly conduct criticism and self-criticism and oppose the liberalism that endangers unity. Regarding disunited leading bodies, party committees at higher levels should help them in a timely manner, or resolutely reshuffle them if they have conspicuous problems but do not mend their way despite criticism and education.

19. We should uphold and improve the various specific systems for democratic centralism. The major ones are the system of asking for instructions and giving reports on the scope of functions, regulations on discussions, procedures for policy making, and other issues of party committees and their standing committees, the system of democratic appraisals of party members and leading cadres, the system of democratic meetings, the system of holding talks with leading cadres, the system of holding end-of-term elections, and the system of publicizing important conditions within the party. All these systems must be resolutely implemented and also supplemented, revised, improved, and developed in the course of practice.

Strengthen the Party's Grass-Roots Organizations

20. The party's grass-roots organizations are the party's fighting bastions in social grass-roots organizations, and they constitute the foundation for the party's entire work and combat force. The in-depth development of reform and opening up and the gradual establishment of the socialist market economy system have put forward many new issues and new tasks for building the party's grass-roots organizations. In the coming three years, further efforts should be made to solve the following five problems. First, we should solve the problem that the party building of some units is not closely integrated with economic construction and is even separate from it. Second, we should successfully rectify backward party branches and solve the problem that some party branches are weak and flabby. Third, we should establish and improve the party's organizations in various types of new economic organizations. Fourth, we should do a good job in recruiting party members and solve the problem that the number of party members is relatively

small among the people working on the forefront and among young people. Fifth, we should improve the quality of the contingent of party members, enhance their party spirit, and solve the problem that some party members fail to play an exemplary role. We should strive to turn grass-roots party organizations into the fighting bastions capable of uniting and leading the masses to carry out reform, opening up, and the socialist modernization drive.

21. Party organizations at the grass-roots level in rural areas should further exploit their role as the leading core. The goals are: To build united, strong, and good leading bodies that are supported by the masses, and, in particular, these bodies should be provided with good secretaries; to train and build up a good contingent with strong fighting capacity under which communist party members can play their vanguard and exemplary role, cadres can play their demonstration and leading role, and the Communist Youth League members can play their role as assistants and reserve forces; to select a good path that is suitable for accelerating the development of the local economy, and accelerate the pace of making all peasants relatively well-off; to establish a good operational system, continue to strengthen the collective sector of the economy, make economic development more vigorous, and lead and help peasants become rich together; and to establish a good management system that embodies democratic management, legal administration, and effective operation of guarantee work, gradually orient all the work of villages to the path of systemization and standardization, and create a healthy, civilized, progressive, and harmonious atmosphere among rural areas. We should adapt ourselves to the development of the suburban economy, readjust the establishment of rural party organizations, improve party branches, and perfect the system concerning management and responsibility for the quotas of party members. Township and town party committees should pay high attention to building party organizations of township and town enterprises and should strengthen leadership over the party work of township and town enterprises. Township and town enterprises without party organizations should set up party organizations as quickly as possible. To change the outlook of economically weak villages, and, in particular, to attain the "objective of using four years of time to enable the 400,000 population in border and remote mountain areas to become relatively well-off," we must first help these areas build their party branches well.

According to the guidelines of the central authorities' circular on strengthening the building of grass-roots organizations in rural areas, we should successfully build various types of grass-roots organizations in rural areas, with the building of party's grass-roots organizations as the core.

22. Party organizations of state-owned enterprises should do their work around production and management of enterprises in line with the duties stipulated by the party Constitution and with the related laws, rules, and regulations of the state and should focus their work

on achieving success in enterprise reform, changing enterprises' operational mechanism, and improving enterprises' economic efficiency. We should give full play to the role of party organizations as the political core, persist in and perfect the plant director (manager) responsibility system, and wholeheartedly depend on the working class. Major issues of enterprises, including the issues that should be examined and discussed by workers' congresses as stipulated by the "enterprise law," should all be discussed by party organizations of enterprises in advance. Party organizations should set forth proposals, participate in policy making, and ensure and supervise the implementation of policies and decisions. Members of party committees of enterprises and party-member directors (managers) of plants should all enhance their concepts on party spirit and carry out the intentions of party committees. In approving and removing administrative and managerial personnel at or above the middle-level, we should persist in the principle of the party administering cadres, fully respect the appointment and removal powers of plant directors (managers), and perform the inner-party procedures on cadre management first and legal procedures then. Based on different circumstances and different conditions of cadres, major party and government leading cadres of enterprises may hold more than one post simultaneously. Those who serve as secretaries and plant directors simultaneously must perform both well. The enterprises with relatively large scale and large number of party members should be provided with full-time deputy secretaries. Based on investigations and studies, provisional methods should be adopted for the work of party organizations of state-owned enterprises.

When carrying out the corporate system and establishing the modern enterprise system, state-owned enterprises should persist in the position of party organizations as the political core, maintain a compact and efficient contingent of political work cadres, and subject the establishment of party affairs organs to the decision of party committees. Major members of party committees should join the board of directors and the board of supervisors through legal procedures. If qualified, party members may be appointed as directors of enterprises boards of directors through legal procedures.

23. New economic organizations of various kinds should unexceptionally set up party organizations and strengthen the party's work. On the basis of summing up existing experiences, the three types of foreign-funded enterprises should continue to explore and gradually standardize and systemize the construction of party organizations. In line with actual conditions, the shareholding enterprises should implement the central organizational department's "several opinions on strengthening shareholding enterprises' party work" and pay attention to summing up experiences. Private and individual enterprises where conditions permit should set up party organizations according to the regulations as stipulated in the party Constitution, and those that are small in size and where party members are small in number should jointly set up party branches. The

party organizations of the economic organizations of various categories should make positive efforts to develop party members, also adopt work methods suitable to themselves, launch activities to serve their production and management, bring into full play party organizations' role as a fighting force and party members' exemplary vanguard role, and ensure a sound development of enterprises.

24. The fundamental tasks of the school party organizations are to implement comprehensively the party's educational principles and to cultivate persons who are engaged in the construction of socialist undertakings with ideals, moral integrity, education, and a sense of discipline, as well as the successors to the socialist undertakings. The party's work should be carried out in line with schools' reform and development and closely be linked with the teaching and scientific research work. We should conscientiously implement the "outlines of China's reform and development," the "outlines of the launching of the education on patriotism," and the "CPC Central Committee's several opinions on further strengthening and improving schools' moral education." Institutions of higher learning should emphatically strengthen the party work of various departments, teaching and research sections, and students. The grass-roots organizations of the educational, scientific and technological, cultural, and public health units should conscientiously implement the party's policies toward intellectuals and strengthen the work toward them.

The party organizations of the neighborhood committees should carry out their work according to the target of building their localities into civilized areas where the environment is beautiful, the people are living conveniently, and the economy is prosperous. In line with the special features that retired party members and floating party members account for a large proportion, residents' party branches should bring into play the advantages of retired party members, perfect small party groups, and carry out the party's activities more flexibly and variedly.

Closely in line with the units' vocational work, the party organizations of organs should help administrative leaders accomplish various tasks, and help the party organizations at higher levels strengthen the theoretical study of party-member leading cadres and the management of democratic activities. We should educate and supervise party members and leading cadres to implement the party's line, principles, and policies; to persist in the party's purpose; to be honest and diligent in performing official duties; to improve work style; and to upgrade efficiency.

25. We should grasp the work of both higher and lower levels to promote the work of the intermediate levels and upgrade the overall fighting force of party branches. We should deeply popularize the experiences in holding 10 banners gained by the advanced party branches of the municipality, ceaselessly discover and sum up new typical experiences, and enhance the vitality of party

branches. We should select and install good secretaries for party branches. Party branch secretaries should rotationally be trained once a year. Newly appointed party branch secretaries must not take on their work until being trained. In the next three years, the municipality should ensure to increase in a planned manner the number of enterprise party branch secretaries at the age below 35 years from 9.6 percent to more than 15 percent, the number of rural party branch secretaries with an education above the senior high school graduation level from 23 percent to more than 50 percent, and the number of enterprise party branch secretaries with an education above the senior high school graduation level from 70 percent to more than 85 percent.

We should make unremitting efforts to rectify backward party branches. The layout of party branches is continuously changing. Party committees of the units at the district, county, and bureau level should make overall analysis of the work of party branches at least once a year and particularly give help to improve the backward party branches listed in the bottom 5 to 10 percent. The responsibility system should be enforced at every level to rectify the small number of weak and flabby party branches. The party branches that are backward, their major problems, rectification measures, and persons in charge should be clearly defined, and inspection should be conducted at regular intervals to appraise the results of the rectification.

26. We should strictly carry out the regular activities of the party organizations and intensify efforts to improve the contingent of party members. We should persist in the system of "three meetings and one class" and further replenish and improve the content of the "three meetings and one class" in line with the new situation and tasks. In view of the new situation in which a large number of laborers are transferring from trade to trade and from place to place, we should exercise strict management of the party members among these laborers. We should carry out more extensively and improve such effective methods as the system of responsibility for party members to attain defined goals, the system for party members to hold responsibility for the work of designated areas, and the system for party members to establish ties with the households of ordinary people so that party members can fully develop their leading and exemplary role. We should continue the activities to "vie to become outstanding and advanced," greatly commend outstanding party members, and properly deal with unqualified ones according to the party Constitution.

27. We should have a good command of the requirements on party members as stipulated in the party Constitution and actively recruit new party members on the premise that quality is ensured. We plan to recruit about 40,000 party members every year in the next three years, and particularly recruit from the people on the forefront of production and work, from outstanding young people, and from outstanding intellectuals. After three years of efforts, we should reduce the number of

work teams without party members in industrial, construction, transportation, and post and telecommunications enterprises from 34 percent to 30 percent or lower; increase the number of young cadres aged 35 or under in all the workers with party membership from 23 percent to 25 percent or more and those aged 25 or under from 3.5 percent to 4 percent or more; and increase the number of college students with party membership from 3.9 percent to 5 percent or more, with every institute of higher learning having at least 2 percent of students with party membership. We should continuously expand the contingent of the activists who ask for joining the party and intensify their training and education to upgrade their quality. Party organizations at all levels should strengthen leadership over the organizations of Communist Youth League [CYL] and do a good job in recommending outstanding CYL members to join the party. We should emphasize the training of CYL cadres, and the secretaries of grass-roots CYL committees should be party members.

Intensify Efforts To Improve Party Style and Administrative Honesty

28. Party style and administrative honesty are major issues concerning the life and death of the party and the rise and fall of the country. Despite the great achievements we scored in the past few years, we are still falling behind the expectations of the central authorities and the masses. Bureaucracy, ultra-individualism, fraud, reporting only the good news and not the bad, formalism, pleasure-seeking, and abuse of power to pursue selfish gains are spreading among some cadres with party membership, of whom some even degenerate into criminals. We should wage the anticorruption struggle thoroughly and persistently and intensively educate party-member cadres with the purpose of serving the people, the concept on value, and the concept on laws and discipline. We should be both honest and diligent in performing official duties and carry out more beneficial and practical work for the masses. Meanwhile, we should forge close party-populace ties.

29. To wage the struggle against corruption, we should continue to persist in the principle of first being resolute; second, being sustained; and third, making achievements in the current-stage work; emphatically strengthen the administrative honesty of party and government leading organs, judicial departments, administrative and law enforcement departments, and economic management departments; and be determined to make achievements. We should ensure to accomplish the following few tasks: First, we should set forth targets and requirements for making achievements in the current stage of the struggle against corruption within a period of time. Second, the leading cadres at various levels should further enhance the awareness of being administratively honest and self-disciplined, consciously observe the central regulations on administrative honesty and self-discipline, and take the lead in making self-investigations and self-correction. Third, we should expand the dynamics of investigating

and handling major and appalling cases. Fourth, the unhealthy trends within trades should effectively be controlled. Every year, we should grasp several prominent problems of which the masses have strong complaints and pay special attention to resolving them. Fifth, a set of systems for improvement of party style and administrative honesty suitable to the demands for developing the socialist market economy should be set up.

30. We should emphatically supervise and examine the leading organs and leading cadres at various levels and strictly enforce party discipline. We should concentrate efforts to supervise whether the leading organs and leading cadres accurately implement the party's line, principles, and policies and state laws and regulations; accurately exercise the rights entrusted to them by the people; strictly observe various systems as stipulated in the democratic centralism; observe discipline; abide by laws; and are honest in performing official duties. We should strengthen the supervision mechanism, combine the inner-party supervision with the supervision outside the party, and link the supervision from higher levels downward to that from lower levels to higher ones. First, we should strengthen the supervision within the party, persist in the system that leading cadres should attend dual democratic activities, conscientiously conduct criticism and self-criticism, and upgrade the quality of democratic activities. We should bring into full play the discipline inspection organs' supervisory role within the party. Second, we should strengthen the supervision by the masses, conscientiously listen to and treat their opinions, and regularly organize specially invited supervisors and party style supervisors and hold congresses of staff members and workers and congresses of educational workers to assess leading cadres' administrative honesty and self-discipline. Third, we should strengthen the supervision over the enforcement of the legal system and bring into full play the functions of the law enforcement departments at various levels. Fourth, we should strengthen the supervision through mass media and properly create an atmosphere of soliciting public opinions. The party members, no matter what jobs they take on, should consciously accept the supervision by the party organizations and the masses. The party members in violation of party discipline should strictly be handled and the corrupt should resolutely be removed. We should strive to make breakthroughs in setting up assessment, supervision, and restriction mechanisms.

Strengthen Leadership and Conduct Supervision

31. To comprehensively strengthen the party building in the new situation, we should set up the responsibility system at various levels. The municipal party committee and its secretary should assume the primary responsibility. The key to strengthening the party building of the rural areas hinges on the county party committees and the key to strengthening the party building of the urban areas hinges on the party committees (the leading party groups) of districts, bureaus, general companies, and institutions of higher learning. Their secretaries should

assume principal responsibility. The party committees at various levels should actually put the party building on the work agenda, realistically assume responsibility, and resolutely correct the phenomena that the party does not administer party affairs.

Party building should be closely combined with economic work and various other items of work, and arrangements should be made for party building every year. The success or failure in party building work should be considered a major basis for evaluating the performances of party committees at all levels and their secretaries. As demanded by the "decisions" of the fourth plenary session of the 14th CPC Central Committee and by the outline of the municipality's three-year plan for strengthening party building, party committees (leading party organizations) at the district, county, and bureau levels should all formulate their own plans and specific measures and then carry out all the tasks and targets set by this plan. The tasks and targets that can be fulfilled ahead of schedule should be fulfilled in advance. The situation in which these tasks and targets are implemented should be checked every year and be reported to the municipal party committee.

32. Beginning with the municipal party committee, all levels of party committees should further strengthen investigation and study of party building, summarize typical cases, gain experiences, and then give classified guidances to party building. Every standing committee member of the municipal party committee should establish contact with a grass-roots party organization with a view to regularly learning about its situation and helping it resolve problems and promote party building.

33. We should persist in and perfect the system of multi-party cooperation and political consultation under the leadership of the CPC. According to the principles of long-term coexistence and mutual supervision, treating each other with all sincerity, and sharing weal and woe, party committees should report their work situation to democratic parties and democratic personages without party affiliation, and then solicit their opinions, obtain their support and help, and accept their supervision.

34. As the backbone force to strengthen party building, party affairs cadres shoulder glorious missions and arduous tasks. Party committees at all levels should pay attention to building up the ranks of party affairs cadres, constantly improve their political and professional expertise, support their work, show concern for their ideas and daily lives, help them resolve practical problems, and energetically commend advanced cases and model deeds among them. Party affairs cadres should attend to their own work by continuously carrying forward the spirit of fearing not hardship, seeking no personal gain and fame, being willing to bear the burden of office, pioneering the road of advance, and being willing to dedicating oneself to the party and the people.

The next three years is an extremely important period for Beijing's construction and development. Now, major policies for various fields have already been decided.

The key lies in our endeavor. All levels of party organizations and all Communist Party members in the municipality should closely rally around the CPC Central Committee with Comrade Jiang Zemin as the core, should resolutely implement the decisions of the fourth plenary session of the 14th CPC Central Committee and the overall arrangements made by the central authorities for strengthening party building under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, should implement the outlines for the municipality's three-year plan on strengthening party building, should raise party building to a new high, and should work hard for enabling the people to become relatively well-off three years ahead of schedule and for promoting the constant progress of reform, opening up, and modernization!

Hebei's Ye Liansong on National Economy

SK2401044095 Shijiazhuang HEBEI RIBAO in Chinese 18 Dec 94 p 2

["Excerpts" of speech by Hebei Province Governor Ye Liansong at the provincial economic work conference; place and date not given: "Conscientiously Carry Out the Guidelines of the Central Economic Work Conference and Realize the Sustained, Rapid, and Healthy Development of the National Economy and the Comprehensive Progress of the Society"]

[FBIS Translated Text] 1. The Basic Estimate of The Current Situation and the Whole Year's Economic Work

Since the beginning of this year, in line with the plans of the Party Central Committee and the State Council, the provincial party committee and the provincial government led the people of the whole province to firmly grasp the general tasks of the whole party and the whole country, properly handled the relations of reform, development, and stability, and made significant progress in various tasks.

The trend of economic development has been good and the main economic target has increased considerably. During the first three quarters, the gross domestic product of the whole province totalled 150 billion yuan, up 14.7 percent over the same period last year, of which the primary industry increased by 8 percent, the secondary industry increased by 17.7 percent, and the tertiary industry increased by 14.8 percent. We reaped a bumper harvest in agricultural production and witnessed a comprehensive development in the rural economy. We reaped a bumper harvest in grains even though some areas were seriously hit by drought and waterlogging. Cotton production put an end to the downward slide for two years running and showed a fairly big upturn. The total output of oil-bearing crops reached 1.8 billion jin, up 11.8 percent; the adjustment of agricultural structure was further accelerated and the production of meat, eggs, milk, vegetables, fruits, and aquatic products maintained a stable growth; and township enterprises developed continuously and rapidly. From January to October, the

taxes handed over to the state treasury totalled 3.59 billion yuan, up 35.5 percent; the volume of goods delivery for export totalled 6.31 billion yuan, up 67.2 percent. Industrial production registered a faster growth and the overall economic efficiency was gradually enhanced. From January to October, the added value accomplished by the industrial units implementing independent accounting at and above the township level was 49.76 billion yuan, up 12.7 percent. The profits and taxes were 16 billion yuan, up 24.6 percent. The sales rate of industrial products was 94.9 percent, of which, that of large and medium-sized enterprises was 96.5 percent; state-owned large and medium-sized enterprises reduced their deficits by 41.1 percent; the comprehensive target of economic efficiency reached 98.9 percent, up 1.8 percentage points. Investment in the fixed assets increased steadily and the construction of key projects was accomplished quite well. The sales of the market for consumer goods steadily increased. The foreign export trade increased fairly rapidly and a growth trend was seen in the use of foreign capital. The financial revenue increased quite rapidly and the financial situation was stable. Scientific and technological education and various social undertakings developed considerably. We made greater progress in carrying out package reform, making breakthroughs in key areas, and implementing various reforms. We upheld the policy of "taking a two-handed approach and being tough with both" and succeeded in safeguarding social stability.

Generally speaking, since the beginning of this year, the reform across the province has been progressing smoothly and the economy has experienced sustained development. The agriculture and rural situation was better than last year; the industry showed a fairly rapid increase; the purchase and sales on the market was brisk; the foreign export trade increased by a large margin; financial revenues increased quite rapidly; savings increased by a large margin; the people's living standard was enhanced by a fairly big degree; and the social and political situations were stable. Thus, the whole situation has been quite good.

While affirming our achievements, we also should notice the difficulties and problems existing in the course of progress. The major problems existing in the current economic work are the high price increase, serious inflation, weak agricultural foundation, poor ability to combat natural calamity, low comprehensive production capacity, and the lack of vitality and serious deficits in some state-owned enterprises, the serious shortage of funds and prominent contradictions between supply and demand, and the great financial difficulties, and the aggravated contradictions between revenues and expenditures. Some of the problems are unavoidable in the process of replacing the old systems with new ones and some of them are caused by the shortcomings and deficiency in our work. No matter the reason, the leaders at all levels should pay great attention to these problems, actively adopt measures, and conscientiously resolve them.

2. The Guidelines and Work Priority for Economic Work in 1995

The guidelines for Hebei's economic work in 1995 are: We should adhere to Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, continuously implement the guiding principle of "seizing the opportunity, deepening reform, expanding opening up, promoting development, and maintaining stability," do a better job in handling the relations of reform, development, and stability, regard the attainment of a better-off level as the general task of the rural areas, ensure the sustained growth of the basic agricultural products, and devote great efforts to developing "high yield, good quality, and highly efficient" farming. We should regard the work of changing the management mechanism of enterprises as the priority, pay attention to grasping the work of "deepening enterprise reform, strengthening technical transformation, accelerating the structural adjustment of products, and comprehensively enhancing the overall quality and efficiency of enterprises." We should strive to promote scientific and technological progress and devote great efforts to grasping the work of "using high and new technology to transform the traditional industries, developing high and new-tech industries, and promoting the intensive processing of products." We should actively expand the degree of opening to the outside world and pay attention to grasping the "areas around Bohai Bay, Beijing, and Tianjin, and along the communication trunk lines."

We should further strengthen and improve macroeconomic regulation and control and realistically carry out the work of "controlling the range of price increases, controlling the excessively rapid growth of consumption funds, and guaranteeing the appropriate growth of the scope of investment in fixed assets." We should accelerate the pace of establishing the socialist market economy system, realize the goal of achieving the second 100 percent increase GNP five years ahead of time, and realize the sustained, rapid, and healthy development of the national economy and comprehensive social progress.

In 1995, the main tasks of our province's economic work are: We should continuously strengthen and improve macroeconomic regulation and control, check the inflation, maintain a good trend of economic development, ensure sustained, rapid, and healthy development of the national economy, regard the work of deepening the reform of the state-owned enterprises as a priority, promote various coordinated reforms, and consolidate and perfect the macroeconomic management systems which have been issued this year. We should place the work of developing agriculture in a dominant position of economic work; increase agricultural investment, ensure the sustained growth of grains, cotton, oil-bearing crops, and other basic agricultural products, and comprehensively develop the rural economy and make it flourish; add impetus to structural adjustment, strengthen management, promote technical progress, and enhance the overall economic quality and efficiency.

In order to successfully carry out next year's work, we should pay attention to grasping the following points:

We should persist in regarding the work of controlling price increases and checking inflation as the priorities of macroeconomic regulation and control and as the crucial link for properly handling the relations of reform, development, and stability. We should control the excessively rapid growth of consumption funds and ensure that the range of price rise will be lower than the average national level.

We should persist in placing the task of strengthening agriculture in a dominant position of economic work, continuously strengthen and consolidate the foundation role of agriculture, and ensure the sustained growth of grains, cotton, oil-bearing crops, and other basic agricultural products and the increase of the peasants' income.

We should persist in regarding the work of enhancing economic efficiency as the central task, accelerate the pace of adjusting the structures of industries and products, pay attention to the efficiency of the change of mechanisms, optimum structure, large-scale production, scientific and technological progress, and management, and strive to enhance the quality and efficiency of economic growth.

We should persist in regarding the work of deepening the reform of the state-owned enterprises as the priority, carry out reform of the social security system in a coordinated manner, actively cultivate the market system, and consolidate and perfect the reform of the macroeconomic management system.

We should persist in expanding opening up, use foreign capital actively and effectively, strive to expand foreign export trade, and promote the development of opening up to a higher level and in breadth and depth.

We should persist in unceasingly increasing investment, concentrate efforts on grasping the construction of key projects, accelerate the construction of infrastructural facilities and basic industries, and strengthen the development momentum of the national economy.

We should persist in regarding science and technology as the primary productive forces, strive to promote scientific and technological progress, continue to place education in a strategic position of priority development, and actively cultivate and train more talented personnel. We should devote great efforts to developing social undertakings, further strengthen the construction of spiritual civilization, and continuously improve people's living.

We should persist in continuously strengthening and improving macroeconomic regulation and control. While giving full play to the fundamental role of the market in resources distribution, we should watch for the opportunity to comprehensively use various means to

strengthen the state's ability in macroeconomic regulation and control and create a good economic environment for economic construction and social development.

3. We Should Strive to Enhance the Quality and Efficiency of Economic Growth and Ensure the Sustained, Rapid, and Healthy Development of the National Economy.

In 1995, we should pay attention to the following eight tasks:

First, we should regard deepening reform of state-owned enterprises as the priority, carry out reform of the social security system in a coordinated manner, actively cultivate the market, and consolidate and perfect reform of the macroeconomic management system.

In carrying out Hebei's economic reform system in 1995, we should act in line with the goal of establishing the socialist market economy system, regard the work of deepening the reform of the state-owned enterprises as the priority and the work of establishing the modern enterprise system as the direction, actively propel the reform of social security system, cultivate the market system, and continuously consolidate and perfect various reforms of the macroeconomic management system.

We should regard the reform of the state-owned enterprises as next year's reform priority and take greater steps in carrying out the work. The state-owned enterprises, especially the state-owned large and medium-sized enterprises, are the backbone and the important pillar of the national economy; the major units for providing the state's energy, communications, essential raw materials, and industrial technical equipment, and the main sources of the state's financial revenues. Over the past 10 years and more, along with the deepening of reform, the state-owned enterprises have been invigorated through expanding their power to make decisions regarding management. This has greatly contributed to consolidating the main position of the public sector of the economy and supporting the smooth promotion of reform, opening up, and modernization drive, the sustained, rapid, and healthy development of the national economy, and the development and stability of the whole society.

But along with the deepening of reform, some deep-seated contradictions have gradually become exposed. Thus, at present, the problems and difficulties lying ahead of the state-owned enterprises are extremely conspicuous. The progress and results achieved in the reform of the state-owned enterprises have a bearing on the success or failure of the whole economic system reform and the consolidation of the socialist system. Thus, we should seize the opportune moment to list the state-owned enterprises in the important work schedule and regard it as the priority of economic system reform. The guidelines and demands of next year's enterprise reform are that we should regard the establishment of the modern enterprise system as the

direction and the establishment of the position of enterprises as independent legal entities and the mainstay position of the market competition as the priority. We should improve the relations of industries, accelerate the fluidity and reshuffling of property rights, and enable state-owned enterprises to make breakthroughs in transforming mechanisms, establishing systems, and strengthening vitality. We should further consolidate and strengthen the leading position and role of the state-owned enterprises and promote the sustained, rapid, and healthy development of Hebei's economy. In Hebei Province's enterprise reform in 1995, we should center the work on establishing the modern enterprise system in experimental units and pay attention to grasping five tasks: First, we should clearly define the main bodies of investment of the state-owned assets, proceed from resolving the practical issues facing enterprises, and create conditions for establishing modern enterprise system. We should continuously accelerate the pace of changing the state-owned enterprise management mechanism and pay attention to establishing the mechanism of self-accumulation and self-development, the mechanism that the successful enterprises prosper and those which fail are eliminated in the market competition, and the mechanisms of incentive and restraints. In line with the establishment of the position of enterprises as independent legal entities and the mainstay position of market competition, we should further carry out the "enterprise law," the "company law," the "transformation regulations," and the "regulations for supervising and managing the state-owned assets." Through organizational reform, the government departments should realistically change functions, reduce enterprise intervention, and extend to enterprises the various rights and responsibilities pertaining to their own management. We should establish the responsibility system of managing the enterprise assets as soon as possible and ensure that the state-owned assets maintain and increase value. In the next year, all state-owned enterprises should successfully carry out the work of conducting an inventory and checking stockpiles and capital of enterprises and the work of evaluating the assets to verify the amount possessed by the enterprise's legal entities. We should create conditions for enterprises to enter the market through the conducting of an inventory and the checking of stockpiles and capital of enterprises, clarifying debts receivable and debts payable, evaluating assets, defining property rights, evaluating the capital funds of enterprises, and defining the principal part of investment of the state-owned assets, and promoting the separation of government functions from enterprise management based on property rights. The provincial-level priority is to define the main bodies of investment of state-owned assets by adopting the form of vesting large and medium-sized group companies with full management authority and to select Baoding city, Chengde city, Xingji city, and Huanghua city as the regional experimental areas for establishing the main bodies of investment of the state-owned assets in an effort to try to gain experiences. The cities and prefectures at all levels should do a good job in grasping a batch of experimental units. Tangshan city should make good use of the opportunity of being the

experimental city of "optimizing the capital structure" and actively explore the way for optimizing the capital structure of enterprises. Second, we should accelerate the pace of establishing and changing systems and reorganizing enterprises in line with the principle of giving different guidance to different cases. We also should explore an effective method for establishing modern enterprise system in line with the demand of clarifying property rights, defining rights and responsibilities, separating government administration from enterprise management, and giving scientific management. We should conscientiously grasp the experiment of modern enterprise system in a batch of enterprises. In grasping the experimental units, we should not rush headlong into mass action or seek uniformity. We should make breakthroughs in tackling difficult points through experiments, explore new methods for solving the problems which have perplexed the development of the state-owned enterprises for a long time, such as the heavy burden of the society, the difficulty in personnel transfer, the high debt rate, and the irrational capital structure, and strengthen the vitality of enterprises. Third, in line with the demand of establishing the modern enterprise system, we should conscientiously do a good job in readjusting the structure of enterprise organizations and in circulating and reorganizing the property rights and develop a batch of enterprise groups. Fourth, we should continuously grasp the reform of the state-owned small enterprises through various forms. The state-owned small enterprises which have engaged in a competitive trade should implement the shareholding cooperative system or reorganize and transform themselves by leasing out, contracting, and auctioning their business. As for the enterprises which have suffered losses for a long time, have no hopes of ending deficits, cannot pay off the debts due, and have no prospects for development, we should make some of them directly declare bankruptcy according to law and order some of them to stop production first, and then to auction or sell their property or to declare bankruptcy. Fifth, we should add impetus to the internal reform of enterprises and accelerate the step of changing the enterprise mechanism. The practice of several years in enterprise development has repeatedly proved: the product is the foundation, the way out is reform, management brings efficiency, and factory directors are the crux. We should devote great efforts to grasping products, establishing mechanisms, attending to management, and selecting good factory directors, and really implement the grasping of reform, improving of management, increasing of efficiency, and promoting of development. We should continuously deepen the reform of labor, personnel affairs, and distribution systems and establish and perfect a scientific and standardized management system of enterprise organizations.

We should actively transfer the surplus personnel of enterprises, give play to the enthusiasm of the government, enterprises, and staff and workers, and implement the practice of combining the efforts of enterprises, the individuals themselves, and social workers to find job assignments for surplus personnel. We should adopt effective

measures and gradually resolve the issue of making state-owned enterprises bear the financial burden of supporting social undertakings. Through efforts, we should make over 50 percent of the province's state-owned enterprises significantly change their management mechanisms.

We should actively propagate reform in the social security system. We should implement the reform of the social security system with the old-age pension and unemployment insurance as the main content in an effort to create external conditions for invigorating enterprises. In the upcoming year, we should regard the establishment and perfection of the unemployment insurance system of the urban staffs and workers as the priority and accelerate the social security system reform. We should expand the limits of the unemployment insurance, expand the limits of collecting unemployment insurance funds, and properly enhance the ratio of collecting unemployment insurance funds. We should separate the government's administrative management from the insurance funds operational management, carry out and supervise the principle of respectively establishing organs, conscientiously do a good job in managing and using the funds pooled by the social sector, and guarantee the safe management and value increase of funds. We should gradually establish the unified social security management system across the province and resolve the current contradictions of each acting on its own and holding each other back. At the same time, we should study and formulate the policy of encouraging and arranging for the reemployment of surplus labor force, and in line with the development of the tertiary industry, open more avenues for employment, and create job opportunities for more people.

We should continuously consolidate and perfect the taxation, finance, planned investment, and other macroeconomic management system reforms and strengthen macroeconomic regulation and control. We should actively cultivate the market, strengthen the market management, and improve the economic order. We should accelerate reform of the urban housing system. We should devote great efforts to developing economical and practical housing construction and ensure that the newly built houses in the small districts of the cities will reach 6 million square meters.

Second, we should strictly control the rise of price and devote great efforts to curbing inflation.

Next year, in macroeconomic regulation and control, we should ensure that the range of price rise will realize a significant decline compared with this year and the range of price rise will be lower than the national average level. Thus, in consideration of the significant structural characteristics of the current price rise, the priority in controlling next year's price rise should be placed on prices in the food category and the excessively rapid growth of consumption funds. The priorities we should grasp are as follows: 1. We should guarantee the market supply, grasp the supply of social essential products, especially grasp

the construction of the "rice bag" and "vegetable basket," and do a good job in balancing the supply and demand of grains, cotton, oil, meat, eggs, vegetables, and other farm and sideline products. 2. We should strictly control the excessively rapid growth of consumption funds, especially strictly control the excessively rapid growth of social groups' consumption, and realistically strengthen the cash management. At the same time, we should realistically care for the livelihoods of those in the poor and disastrous areas, the low-income people in the urban areas, the retired personnel, and the students of high schools, colleges, and universities. 3. We should strengthen market management and deal stern blows to criminal behavior. In general, we will not formulate new measures for price readjustment during next year. We should place the priority of price reform on establishing and perfecting the price management and macroeconomic system. We should place the priority of price management, supervision and inspection on the circulation fields, and in light of rectifying the circulation order, standardize the behavior of market prices. We should pay attention to successfully carrying out the measures for the reform of the circulation system in such aspects as grains, cotton, edible cereal oil, crude oil, refined oil, fertilizer, and coal. We should continuously strengthen the management, regulation, and control of the retail prices of the daily necessities and pay attention to grasping the price supervision and inspection of 22 kinds of goods essential to people's daily life and service items. We should pay attention to the two links of grasping the prices of source products and controlling the difference between the wholesale price and retail price. We should rectify and deal stern blows to the law-breaking behaviors such as jacking the price, reaping staggering profits, and manipulating the market. 4. We should strengthen the role of the state and cooperative commercial units as the main channels in stabilizing the market price, ascertain the risk-taking funds of grains as soon as possible, consolidate and perfect the system of nonstaple food price regulatory fund, strengthen the reserve of major commodities such as grains, oil, and meat, and enhance the ability of the main channels through stabilizing prices and regulating the markets. At present, the economy has retained sustained growth, the state has had a stronger material foundation, and various measures for macroeconomic regulation and control and the price stability have been put in place one after another. Therefore, if we can really do a good job in unifying ideology and doing solid work, we can completely lower the excessively high price rise and create better macroeconomic environment for the continuous promotion of reform and development.

Third, we should strengthen the foundation status of agriculture and devote great efforts to developing agriculture and rural economy.

We should pay attention to grasping the following points in developing Hebei's agriculture and rural economy in 1995: 1. We should really place the strengthening of agriculture in a dominant position of economic work and

regard the work of ensuring the increase in the production of grains, cotton, oil-bearing crops, and other basic agricultural products as the first task of the entire agricultural and rural work. 2. We should regard the work of meeting the market demands as the objective, strengthen the system of social service, carry out the strategy of using export-oriented economy to bring along other sectors of the economy, accelerate the development of "high yield, fine quality, and highly efficient" farming, promote the structural adjustment of agriculture, and devote great efforts to developing township enterprises.

3. We should realistically increase the investment in agriculture, successfully carry out the comprehensive development of agriculture and the capital construction of farmland and water conservancy projects, and further improve the agricultural production conditions. 4. We should rely on science and technology to invigorate agriculture, relentlessly and successfully promote and apply the agricultural scientific and technological results, stabilize the scientific and technological contingent, and pay attention to the development and introduction of improved breeds. 5. We should conscientiously carry out a series of supportive measures for agriculture formulated by the Party Central Committee, the State Council, the provincial party committee, and the provincial government, realistically reduce peasants' burdens, and ensure that the income of peasants will be increased by a fairly large margin.

We should pay great attention to agriculture and really place the work of strengthening agriculture in the dominant position of economic work. The work of strengthening the foundation of agriculture is not just a matter of recognition, but more importantly, a matter of work and implementation. In installing the members of the leading bodies in line with the demand of the provincial party committee, the party committees at all levels should assign a deputy secretary to take full responsibility of rural work. Governments at all levels should select and assign comrades who are familiar with rural work, are good at macroeconomic planning, and have the consciousness of reform and opening up to take charge of rural work. The main leaders of the party and the government should personally grasp and resolve major issues.

We should ensure steady increases in grains, cotton, oil-bearing crops, and other basic agricultural products and devote great efforts to developing "high yield, fine quality, and highly efficient" farming. We should continuously carry out the "seven-character" project and the "project to make the per-mu yield of grain reach 1,000 and the income exceed 1,000 yuan," and exert great efforts to successfully carry out six tasks in the upcoming year. 1. We should concentrate efforts to grasp the production of grains, cotton, oil-bearing crops, and other basic agricultural products. In establishing the system of protecting the basic farmlands, we should establish the basic protective farmland areas of grain, cotton, oil-bearing crops, and vegetables, realistically protect the cultivated lands, and resolutely check the situation of

land plundering and random occupation of cultivated lands. We should uphold the system of restoring the farming of cultivated lands and the compensation system, maintain the stability of basic farmlands, and ensure the stable growth of the basic agricultural products. 2. We should accelerate construction of the rural socialized service system. Particularly, we should give priority to establishing and developing the service systems of meat, eggs, and vegetables. We should accelerate reform of the circulation system of the agricultural means of production, reduce links, lower expenses, and stabilize prices. 3. We should continuously do a good job in making overall plans for agriculture, science, and education, persist in using "science and technology to invigorate agriculture," devote great efforts to popularizing advanced and applicable technology, and carry out the rural vocational education. We should relentlessly grasp the promotion and application of the practical agricultural technology, pay attention to popularizing the improved variety, the application of chemical fertilizer in line with prescriptions, and water-saving irrigation, and enhance the investment proportion in agriculture. Next year, the coverage rate of the improved variety should reach 92 percent and the contribution rate of scientific and technological progress in agriculture should reach 45 percent or so. We should adopt effective measures, stabilize the agricultural technology popularization and service contingent, and boost the enthusiasm of scientific and technical personnel of the agricultural sector. 4. We should give necessary support to grain, chemical fertilizer, agricultural chemicals, and agricultural machinery production enterprises in terms of credit funds and tax revenues. We should adhere to the contracted responsibility system based on the household with remuneration linked to output and the dual-management system characterized by centralized and decentralized management. We should establish the rational land transfer mechanism and develop optimum-scale farming in places where conditions permit. We should comprehensively develop the production of agriculture, forestry, animal husbandry, side occupation, and fishery and develop high yield, good quality, and high efficiency farming. We should devote great efforts to carrying out afforestation, advocate the practice of using straws as the fertilizer of cultivated lands, and promote ecological balance. 5. We should successfully carry out the capital construction of farmland and water conservancy projects, improve the fundamental conditions of agricultural production, and do a good job in the comprehensive development of agriculture. 6. We should carry out the strategy of developing export-oriented economy to bring along other sectors of the economy in an effort to instill new vitality into agriculture. We should add impetus to the degree of opening up in agriculture, enhance the ability of using agriculture to attract foreign businessmen and introduce capital, and adopt various forms to expand the limits and scale of using foreign capital in agriculture. At the same time, we should make some brand-name, high-grade, special, and

new products enter the international market and enhance the ability and level of generating foreign exchange from agriculture.

We should strive to increase agricultural investment and consolidate and strengthen the agriculture at its very foundation. First, the financial units at all levels should enhance the proportion of investment in agriculture. In 1995, the ratio of the increase in funds of provincial-level agricultural units should be higher than this year's financial growth range; and the agricultural supportive funds arranged by the financial units of various cities, prefectures, and counties generally should not drop below this ratio. Second, we should attract foreign capital by every possible means. We should actively attract and use funds from abroad, beyond our region, and outside the province to transform the middle-and low-yield farmlands, to carry out farmland and water conservancy construction, to develop animal husbandry, the aquatic-product industry and aquaculture, and to carry out the intensive processing of forest and fruit products, the key afforestation project, and the technical transformation of township enterprises. We should regard the use of foreign capital as an important channel for increasing investment in agriculture. Third, the banks at various levels should devote great efforts to supporting agricultural development. Fourth, we should actively guide the rural collective economy and peasants to increase their fund input and labor accumulation in agriculture.

We should regard the project of becoming better-off as the general task of the rural areas and accelerate the pace of making the rural areas attain the better-off level. We should ensure that the first batch of 24 counties (cities, districts) will comprehensively reach the standard and attain the target, and at the same time, formulate plans for marching towards a higher standard. The second and third group of counties should implement this work, make further plans and thinking, perfect the planning, and accelerate the construction of becoming better-off through organizing the exchange of experience of different types of districts. The fourth batch of counties should grasp the work of promoting the construction of becoming better-off. We should organize powerful investigation and guidance groups to conduct investigation and study in each and every county, and specifically help them make their own decisions, choose their own way, and overcome poverty in an effort to make the construction of becoming better-off commence as soon as possible.

We should adhere to the system of simultaneously using various ownerships and systems, uphold the policy of laying equal stress on development and improvement, and accelerate the step of developing township enterprises. In 1995, the total output and the industrial output of township enterprises should respectively increase by 36.7 percent and 45.6 percent over the previous year; the tax payment handed over to the state treasury should reach 4.8 billion yuan, up 20 percent; and the volume of goods delivery for export should reach 11.2 billion yuan,

up 40 percent. We should expand the business invitation, introduction of capital, and external cooperation of township enterprises and promote township enterprises to develop into "intensive-processing, high-tech, and export-oriented" enterprises. We should devote great efforts to promoting the share-holding cooperative system and make them become large-scale township enterprises or enterprises groups. We should develop township enterprises in a large area in a concentrated manner, and promote the construction of small industrial districts and small cities and towns.

We should further add impetus to the work of assisting the poor areas. In the upcoming year, the per capita net income of peasants of 60 percent of the 46 poor counties should reach more than 500 yuan. The per capita net income of the 1700 villages with particular difficulties which are listed as the first group of villages for receiving support should reach at least 400 yuan. We also should resolve the food and clothing problem of 1.5 million poverty-stricken population in a steady manner.

We should continuously grasp family planning work in the rural areas. The priority for this work is to grasp the grass roots, the basis, the contingent, and realistic approach and strive to attain the target of the population control plan.

Fourth, the industrial front should relentlessly grasp the "transformation of enterprises and technology, the structural adjustment, and the construction of entrepreneurs contingent," strive to realize the goal of "increasing the industrial added value, the profits and taxes of the industrial units exercising independent accounting, and the local investment in the technical transformation of the state-owned units, reducing the deficits of large and medium-sized industrial enterprises, and enhancing the comprehensive index of economic efficiency," and enhance the quality and efficiency of industrial economic operation.

At present, the enterprises which are the mainstay of the market, have failed to adapt themselves to the market. The reasons for this are various, but the main ones are the stagnant situation in changing mechanism and the backward technological transformation. The former one causes enterprises to lack developmental impetus and vigor and the latter makes enterprises lack developmental ability, be unable to enhance the grade, quality, and level of products, and lack competitiveness in the market. While grasping the intangible aspect of "mechanism transformation," enterprises should also pay attention to the tangible aspect of "technological transformation," and carry them out simultaneously. This is not only an important problem which should be urgently resolved by the enterprises at present, but also a long-term strategic task. Therefore, beginning next year, the industrial fronts across the province should successfully carry out enterprise reform, technological transformation, structural adjustment, and the construction of the entrepreneur contingent."

While transforming the management mechanism of enterprises, we should further strengthen the technological transformation of enterprises. We should add impetus to the investment in technological transformation and strive to make the growth range of the investment in technological transformation higher than the national average. We should give priority to carrying out the demonstration project of enterprise scientific and technological progress. We should select 20 typical enterprises from large and medium-sized enterprises and support them to conduct technological development, introduce technology, and transform technology in a coordinated manner, and enable enterprises which are the vanguards of the same trades of the country, to enter the state's "double-stress" [shuang jia 7175 0502] project. In the technological transformation of enterprises, we should have a high standing point, far insight, and boldness of vision, keep eyes on the domestic and foreign markets of the 21st century, concentrate our efforts to cultivate a batch of superior enterprises and competitive products, enhance the market competitiveness, and play an exemplary and leading role in the technological transformation of the whole province's industry.

We should strive to accelerate the structural adjustment of the industrial economy. We should pay attention to key points and support strong and excellent enterprises. First, we should continuously carry out the "dragon and tiger plan," give priority to grasping the 75 technological transformation projects of the "dragon and tiger plan," which include 55 on-construction projects and 20 new projects, and guarantee that 44 projects will be completed and put into operation by the end of the year. Second, we should concentrate our efforts to grasping the state's "double-stress" projects and developing the economy of scale. In the structural adjustment of products, we should continuously carry out the two-year rolling plan of "grasping the six major tasks" and make plans for the structural adjustment of products for each specific trade and year. At the same time, we should attend to 118 major profit and tax households and export enterprises and give priority to supporting them in terms of funds, energy, and transport. We should select 100 major profit and tax delivery households with potential and support them to develop, enhance, and expand themselves through market competition and motivation and the coordinated reform, and make them become the first-grade enterprises in the provincial, the domestic, and the international markets as soon as possible. While continuously transforming the traditional enterprises, we should devote great efforts to developing the food industry and make it become the pillar industry of our province by the end of this century. In the next year, we should strive to develop 1,000 items of new products above the provincial level and digest, absorb, and create 10 new products.

We should exert great efforts to establish an entrepreneur contingent. We should proceed to enhance the quality of

enterprise managers, establish the mechanisms of incentive and restraints, conduct strict evaluations, carry out the system of rewards and penalties, forcefully retire incompetent responsible persons of enterprises from their posts, and promote excellent entrepreneurs to the fore. At the same time, we should emphatically grasp the construction of the entrepreneur market in Tangshan city and gradually accelerate the progress of marketing and professionalization of entrepreneurs. All enterprise managers should keep their eyes focussed outwards to meet the needs of the market and inward to strengthen management, tap the internal potential, and enhance the quality and competitiveness of enterprises.

We should realistically strengthen enterprise management. Continued efforts should be made to deeply carry out the activities of "transforming mechanisms, grasping management, improving the internal skills, and increasing efficiency," "grasping this work and helping enterprises end deficits," and promoting the sale of the stockpiled goods and promoting their sales." We should persist in strictly managing plants, proceed by grasping the group and shifting leaders, and establish and perfect a strict responsibility system and evaluation system in enterprises. We should realistically strengthen the financial management, cost management, and quality management in enterprises, conscientiously carry out the "general rule of enterprise financial affairs and the enterprise accounting criterion," perfect the financial and accounting systems, enforce strict discipline in settling accounts, accelerate capital turnover, and enhance the efficiency of management.

Through the above-mentioned efforts, the industry of the whole province should realize the following goals in the upcoming year: 1. The added value of the whole industry should increase by 14 percent and efforts should be made to strive for 17 percent, where the added value of industrial enterprises exercising independent accounting at and above the township level increases by 12 percent, and efforts are made to strive for 15 percent. 2. The profits and taxes of the industrial units exercising independent accounting at and above the township level should increase by 15 percent and efforts should be made to strive to attain 20 percent. 3. Investment in technical transformation in the state-owned enterprises should increase by more than 20 percent, of which, investment in technical transformation of local state-owned enterprises should increase by 18.6 percent. 4. The deficits of the state-owned industrial enterprises across the province should be reduced by 15 to 20 percent. 5. The time for the availability of finished products in the market produced by the industrial units exercising independent accounting at and above the township level should be shortened by two to three days. 6. The comprehensive index of economic efficiency of industrial units exercising independent accounting at and above the township level should be raised by one percentage point if calculated in terms of comparable standard and efforts should be made to raise it by two percentage points.

Fifth, we should further decontrol, invigorate, and energetically develop the tertiary industry.

In the upcoming year, the added value of the tertiary industry in the whole province should be increased by more than 15 percent as planned, accounting for more than 30 percent of the gross domestic product. The number of people engaging in the tertiary industry should reach seven million, an increase of 7 percent or so over the previous year.

We should develop and improve the commodity market, pay attention to developing the market for essential production factors, and accelerate the construction of the market systems. We should pay attention to the cultivation and development of markets for banking, technology, labor force, trained personnel, and information.

We should accelerate the pace of developing communications and transport, as well as postal and telecommunications industries.

We should actively develop burgeoning trades such as the information, consulting, and professional intermediate organizations and perfect the rural comprehensive service trades. In line with the need of establishing socialist market economy system, we should accelerate the pace of increasing the number of accounting, lawyer, and auditor offices, notarial and arbitration organizations, organizations for asset evaluation, and other professional intermediate organizations. We should do a better job in rural serialized comprehensive service. Thus, in the upcoming year, more than 80 percent of the counties provincewide should establish and perfect the seven specialized service systems before, during, and after agricultural production, promote the transfer of rural surplus labor force to other fields, and promote the progress of integrating rural and urban economies.

Sixth, we should guarantee the rational growth of the investment in fixed assets, raise construction funds through various channels, and strengthen economic development momentum.

Under the premise of controlling the scope of investment in fixed assets and optimizing the investment structure, we should guarantee the rational growth of the investment in fixed assets. While placing the investment priority on taking precedence in guaranteeing the investment in agriculture, energy, communications and telecommunications, raw materials, and other basic industries and infrastructural facilities, we also should strengthen the input in enterprise technical transformation and the projects with high-tech content and high added value, and concentrate our efforts to ensure the construction of a batch of key projects that comply with the state's industrial policy and contribute to readjusting the structure of Hebei's industrial products, promote the progress of enterprise technology, and strengthen economic strength. The financial departments at all levels should actively strive for the credit scale and funds in an

effort to support the construction of key projects. We should further expand the use of foreign capital and concentrate efforts on using capital from abroad and outside the province. We should further invigorate the capital reserve, encourage the practice of "the more we raise, the more we use," and enhance the efficiency of using capital.

Seventh, we should comprehensively carry out the strategy of developing the export-oriented economy to bring along other sectors of the economy and accelerate the development of the export-oriented economy.

We should grasp the current advantageous opportunities and actively promote opening up to a higher level in breadth and depth. In the upcoming year, we should continuously carry out the strategy of "developing the export-oriented economy to bring along other sectors of the economy, integrating the areas around Bohai with the areas around Hebei and Tianjin, proceeding from the internal cooperation, and making breakthroughs in introducing foreign capital and advanced technology," vigorously develop foreign funds and foreign trade, achieve significant progress in foreign economy, and strive to enhance the degree of export-oriented economy.

We should broaden thinking and make good use of foreign capital as much as possible. In view of the current contradictions in the shortage of supporting funds in the state, we should avoid following the old way of only using capital to attract other capital and actively explore new ideas, new forms, and new methods of using foreign capital. We should exert our efforts to carry out more projects on using foreign capital and advanced technology to transform old enterprises, buying shares with assets, selling property rights, carrying out large-scale development, and establishing plants with one's exclusive funds, and strive to take bigger strides in using foreign capital. We should combine the use of foreign capital with the readjustment of industries and the structure of products. We should further add impetus to the work of inviting business and introducing foreign capital. We should look for big clients, carry out big cooperation, add impetus to big projects, and extensively carry out the activities of inviting business. At the same time, we should continuously do a good job in developing cooperation with foreign countries in medium-sized and small projects, strive to increase the number of cooperative projects overseas, expand the scope of using foreign capital, and enhance the level of using foreign capital. We should strive to improve the organizational method for attracting inviting business and introducing foreign capital and further push cities, prefectures, counties, enterprises, development zones, and various departments under the province toward the forefront of opening up. We should realistically improve the investment environment and pay attention to improving the intangible investment environment. Thus, various cities, prefectures, and relevant departments should simplify the procedures of examination and approval, render good service during the whole course of work, enhance the efficiency of handling affairs, and enlarge the share of Hebei's commodities in the total

exports of the country. In 1995, the total export volume of foreign trade across the province should increase by more than 17 percent over the previous year. We should strive to expand economic and technological cooperation with the outside world. In the upcoming year, the total amount of money of the contracted projects in cooperation with the outside world should reach more than \$30 million and over 2,000 people should be sent abroad for labor cooperative service.

We should concentrate efforts to accelerate the construction of development zones. For the development zones which are slow in making progress and have basically failed to carry out any project after their establishment, we should conduct readjustment and clear-up and cancel their development zone title.

We should continuously do a good job in areas around Bohai Bay and areas around Beijing and Tianjin. We should accelerate the pace of internal opening up, bring along the internal cooperation through introducing foreign capital and advanced technology, and promote the introduction of foreign capital and advanced technology through internal cooperation. We should strengthen cooperation with Beijing and Tianjin, give full play to the advantages of people and geographic conditions, establish long-term cooperative relationships with Beijing's and Tianjin's colleges and universities, scientific and research units, financial organs, and large and medium-sized enterprises, and introduce capital, technology, and trained personnel. At the same time, we should extensively cooperate with other provinces, cities, and districts. We should do a good job in the China Wujiao international acrobatic art festival to be held next year. During the year, we should sign 1,300 internal cooperative projects and introduce 2.6 billion yuan of capital and 6,600 trained personnel from outside the province.

Eighth, we should realistically do a good job in finance and banking and support economic construction.

In financial and banking work, we should continuously obey and serve the whole province's economic construction and ensure the basic balance between financial revenue and expenditure and the rational growth of funds for production and construction.

We should exert great efforts to improve the financial situation and strengthen the financial supportive ability.

1. We should consolidate and perfect various policies and measures for taxation reform and strive to increase financial revenues. On the basis of consolidating the current financial resources, we should pay attention to cultivating and tapping new financial resources. Through transforming mechanisms and establishing systems, we should strengthen enterprise management, reduce deficits, enhance efficiency, and increase enterprise income tax revenue. 2. We should strengthen tax levying and management. While grasping the value-added tax, business tax, agricultural tax, and other major

taxes, we also should strengthen the levying and management of resource taxes, the tax of using the lands of cities and towns, agricultural and special product tax, urban construction tax, and personal income tax. We also should conscientiously do a good job in making the original contract method and the new way for levying and managing income tax dovetail, realistically attend to the work of regularly levying tax and clearing up defaults in tax payment, and guarantee that sufficient amount of taxes will be handed over to the state treasury in time. 3. We should strictly control the financial expenditures. We should optimize the expenditure structure, strengthen budget restrictions, and guarantee a basic balance between financial revenues and expenditures during the year.

We should conscientiously do a good job in the financial work and strive to expand the capital sources. With the state's macroeconomic regulation and control, we should actively raise funds and support production and construction in the course of financial work. We should exert great efforts to tap the capital potential, promote the sales of stockpiled goods, clear up and collect the irregular loans, and withdraw 5 billion yuan next year. We should select some well-known enterprises with good economic efficiency to enter the international stock market.

4. We Should Promote Social Progress and Maintain Social Stability.

In the course of reform, opening up, and socialist modernization drive, we should unwaveringly uphold the policy of taking a two-handed approach in building material and spiritual civilizations and being tough with both, and promote a coordinated economic and social development. While concentrating efforts to developing the economy next year, we should pay great attention to and actively promote the reform and development of science and technology, education, culture, physical culture and sports, public health, environmental protection, family planning, and various other social undertakings.

Science and technology should see new emancipation and big development. We should give priority to the practice of "using new and high technology to transform traditional industries, developing new and high-tech industries, and promoting the intensive processing of products." The priority of using high and new technology to transform traditional industries is to use microelectronic technology to transform the production method and technical equipment of the machinery industry, chemical industry, light industry, textile industry, building materials industry, metallurgical industry, and other trades and promote the highly efficient and energy-saving materials and high-and-new-technology which can enhance the quality and function of products. We should grasp the scientific and technological progress demonstration projects of 50 enterprises. The whole province should develop 1,000 new products above the provincial level and the rate of popularizing and applying scientific and technological results

above the provincial level should reach 55 percent or so. Over 70 percent of technical developmental organs of 300 large and medium-sized enterprises designated this year should meet the demand of "having personnel, means, input, achievements, and transformation of achievements" during next year. The number of nongovernmental scientific and technological organs should reach 2,500 and that of organs of technology and trade should reach 3,700. We should accelerate the development of educational undertakings. We should conscientiously carry out the guidelines of the national and the provincial educational work conferences, make meticulous plans for implementing the "outlines for the reform and development of China education", implement the strategy of giving priority to educational development, increase investment in education, actively promote educational reform, enhance educational quality, and strive to nourish socialist people of a new type who have ideas, ethics, culture, a sense of discipline and have comprehensively developed moral, intellectual, and physical qualities. In line with the demand of building a province of strong education, we should emphatically grasp the project of tackling the most difficult problems of the "nine-year compulsory education," the project of building vocational education centers at the county level, the project of training for adults, the project of adjusting the layout and structure of institutions of higher learning, the "double-stress" project of institutions of higher learning, the project of scientific and technological development of institutions of higher learning, the project of teachers training, and the project of building houses for teachers to ensure a secure life for them. At the same time, we should invigorate socialist cultural undertakings and develop public health and sports undertakings.

We should deeply conduct the anticorruption struggle. In line with the plan of the central authorities on the three tasks of anticorruption struggle, we should continuously grasp the work of making the leading cadres honest and self-disciplined and use the "five regulations" put forward by the central authorities and the "ten prohibitions" issued by the provincial party committee to set norms for the behavior of leading cadres at all levels. We should add impetus to the work of investigating and handling major and serious cases and exert great efforts to check unhealthy tendencies with characteristics of various trades.

We should further strengthen the comprehensive management of public security. We should enhance the alertness and deal strict blows to the sabotage activities of hostile forces and elements at home and abroad. We should continue to maintain the momentum of "dealing stern blows to crimes," organize and conduct special activities to crack down on crimes in the light of the characteristics of social situations in different periods, effectively check the upward trend of major and serious vicious crimes, and curb the development and spread of social evils. Next year is the last year of the "Eighth Five-Year Plan", thus, we should not only comprehensively accomplish various tasks of the "Eighth Five-Year

Plan" but also firmly grasp the work of formulating the "Ninth Five-Year Plan." In line with the unified plan of the state, the provincial government should organize the relevant departments to firmly grasp the work of studying and formulating the "Ninth Five-Year Plan" for Hebei's national economy and social development. Departments at all levels also should embark on this work as soon as possible, firmly grasp the planning work, and do a good job in formulating the "Ninth Five-Year Plan" in their own districts and regions.

Not much time is left in this year. Therefore, in order to do a better job in the whole year's tasks, we should realistically grasp the following tasks in the remaining 30 days. 1. We should resolutely control the market price and ensure that in December, the prices of major commodities such as grains, oil, meat, and eggs is lowered to the level of early November and that the year's rise in retail prices throughout the whole province is 0.5 to 1 percentage point lower than the national average level. 2. We should strive to accomplish the tasks of the year's financial tax revenues. 3. We should do a good job in the purchase of cotton, grains, and oil-bearing crops and ensure that we accomplish the annual cotton and grain purchasing tasks. 4. We should actively organize the supply of goods in an effort to guarantee a sufficient market supply during the New Year and Spring Festival. The party committees and governments at all levels should pay great attention to this issue, arrange funds, ascertain financial subsidies, organize the purchase, replenish reserves, and ensure the supply of festive commodities, especially meat, eggs, and rice.

We are in an important historical development period. Though the task we are shouldering is extremely arduous, we are full of confidence in the future.

Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line and the leadership of the Party Central Committee, the State Council, and the provincial party committee, we should unite with and lead the people of the whole province, seize the opportunity, do solid work, dedicate ourselves heart and soul to reform, advance in a pioneering spirit, and strive to accomplish various goals and tasks for 1995 defined by this conference.

Inner Mongolia Secretary Visits Plant Workers

SK2701063895 Hohhot NEIMENGGU RIBAO in Chinese 13 Jan 95 p 1

[By reporter Hao Bin (6787 2430) and correspondent Li Jianjun (2621 1696 6511): "Liu Mingzu, Secretary of the Inner Mongolia Autonomous Regional CPC Committee, Visits the Staff Members and Workers of Enterprises With Difficulties"]

[FBIS Translated Text] It is more necessary for enterprises with difficulties to expand the dynamics of reform, particularly to make greater steps toward readjusting leading

bodies, strengthening management, developing new products, and strengthening sales. We should unite with and mobilize the broad masses of staff members and workers to wage an arduous struggle, jointly tide over difficulties, and free themselves from the strained circumstances as soon as possible. This was pointed out by Liu Mingzu, secretary of the regional party committee, during his visit to the staff members and workers of enterprises with difficulties in Hohhot.

On 11 January, Comrade Liu Mingzu successively went to the Hohhot rubber machinery plant and the Hohhot valve plant to hear their reports, analyzed these two plants' difficulties and development problems, called on staff members and workers with difficulties to understand their living conditions, exchanged greetings, and discussed with them the great issue of resolving enterprises' difficulties.

Party and government leading comrades Han Maohua, Bai Yin, You Ren, and Shen Shuji accompanied him to visit the staff members and workers.

Regarding the issue of how to change enterprises' difficulties, Liu Mingzu pointed out: It is more necessary for enterprises with difficulties to expand the dynamics of reform and to accelerate the pace of reform. The broad masses of cadres and staff members and workers of enterprises with difficulties are longing for reform and have a strong capability to bear reform. All enterprises with difficulties should clearly understand this situation, grasp this favorable chance, study reform policies, formulate reform plans, carry out reform measures, and rely on reform to resolve the contradictions and problems in various spheres. Simultaneously, we should unite with and mobilize the broad masses of staff members and workers to foster the spirit of fighting to win or die; should mobilize to the maximum the enthusiasm of all fronts; should bring into full play their intelligence and wisdom; and should pool their joint efforts to tide over difficulties. In the course of reform, enterprise leaders should pay attention to conducting the ideological and political work among the masses, guide them to accurately treat differences in distribution and to correctly know the problems cropping up in the course of reform and what prices they should pay.

Liu Mingzu stressed: Strengthening the construction of enterprises' leading bodies is of extreme importance. The key to judging an enterprise hinges on its leading body, particularly its plant director. Practice shows that a good leading body and a good plant director can help vitalize a plant and turn a backward enterprise into an advanced one. On the contrary, without a good leading body or a good plant director, a good enterprise will be held back or suffer losses. Party and government leaders at various levels, and the departments responsible for the work of trades, should comprehensively grasp the situation of the leading bodies and plant directors of enterprises they belong to, should timely and resolutely adopt effective measures to readjust those who should be

readjusted, should strengthen the leading bodies that should be strengthened, should ensure workers do not play for time, should adopt resolute treatment measures, and should ensure no one yields to a person at the expense of an enterprise.

Liu Mingzu said: Enterprises' internal management is of extreme importance. In a sense, management is efficiency. Particularly, enterprises with difficulties should pay attention to management, be diligent, practice economics, and reduce production cost. He pointed out: To go out of strained circumstances, enterprises with difficulties in urban areas should pay attention to developing new products, to upgrading the quality of products, and to developing high-grade products according to market demands. We should give town and township enterprises the chance to develop lower-quality products and ensure not to vie with town and township enterprises for markets. He urged enterprises to strengthen the construction of seller contingents, intensify sales, and try every possible means to expand the products' market occupation rate.

Liu Mingzu urged that party committees, governments, and departments at various levels should extremely care for the staff members and workers of enterprises with difficulties; should be concerned with their livelihood; should help them solve some practical difficulties; and should particularly ensure that staff members and workers of enterprises with the greatest difficulties will suffer no coldness and be able to have boiled dumplings on the Spring Festival. He hoped leaders, staff members, and workers of enterprises with difficulties could accurately understand the current difficulties, suggest ways and means for the enterprises' development, and make concerted efforts to tide over difficulties and seek wealth.

An 80-year-old retired cadre of the rubber machinery plant talked with Secretary Liu Mingzu on the street. Secretary Liu Mingzu was told that not long ago, this veteran comrade had donated to the plant 1,000 yuan that his children had sent him as a birthday gift in order to support the plant's production. Secretary Liu's eyes became wet. He tightly grasped this veteran comrade's hands, and said you are an example for us, and that our masses are really good.

Northeast Region

Liaoning Holds Meeting on Opening to Outside

Acting Governor Views Work

SK2701062995 Shenyang LIAONING RIBAO in Chinese 6 Jan 95 p 1

[By correspondent Liu Baosen (0491 1405 2773) and reporter Liu Lina (0491 7787 1226): "The Province Holds Meeting on the Work of Opening to the Outside World"]

[FBIS Translated Text] As soon as the new year began, a new atmosphere emerged in the province's work on opening to the outside world. On 5 January, a provincial meeting on the work to open to the outside world opened at Liaoning Building in Shenyang. This meeting comprised a new strategy for promoting the province's economic development—the strategy of pushing forward the export-oriented economy—and set forth the basic ideas, fighting goals, and major tasks for the province's future opening up work, indicating that the province's opening up would enter a new stage characterized by high level, wide sphere, and in-depth development.

Attending the meeting were leaders of the provincial party committee, the provincial people's congress standing committee, the provincial government, and the provincial committee of the Chinese People's Political Consultative Conference, including Gu Jinchu, Quan Shuren, Wen Shizhen, Sun Qi, Wang Huaiyuan, Zhang Guoguang, Wang Conglu, Yu Junbo, Xiao Zuofu, Cong Zhenglong, Guo Tingbiao, Gao Guozhu, and Zhang Rongming. The meeting was presided over by Xiao Zuofu, standing committee member of the provincial party committee and executive vice governor of the province. Acting Governor Wen Shizhen delivered a work report and Vice Governor Gao Guozhu explained opinions on opening even wider to the outside world.

After acknowledging the province's achievements in opening to the outside world, Wen Shizhen definitely pointed out in his report: The province's work in opening to the outside world has entered a new historical stage. The general ideas for the foreseeable future, on the province's opening up work are: Persistently opening to the outside world to promote reform, readjustment, renovation, and development and carrying out the strategy of pushing forward the export-oriented economy; absorbing foreign funds and developing foreign trade and foreign economic relations simultaneously and making the opening up work develop towards the direction of high level, wide sphere, and good quality; helping improve the quality and efficiency of economic operation, with a focus on invigorating large and medium-sized enterprises and with major contents as developing new and high technology, renovating traditional industries with new and high technology, and developing the deep processing of natural resources and raw materials; and accelerating the development of western Liaoning, with Jinzhou as the "window," in the course of continuously grasping the opening of the eastern province with Dalian as the head, with Yingkou and Dandong as the two wings, and with the cities in central Shenyang as the hinterland, in order to gradually establish a new pattern of export-oriented economy.

Wen Shizhen indicated the major goals for the province's opening up at the end of this century: In utilizing foreign funds, we should firmly and unswervingly carry out the strategy of pushing forward the export-oriented economy and follow the path of absorbing foreign funds and developing foreign trade and foreign economic relations simultaneously. In absorbing foreign funds, we

should lay emphasis on invigorating large and medium-sized state-owned enterprises, give prominence to pillar industries, backbone enterprises, and key products, and again embark on a new stage in the sphere, level, and scale of the utilization of foreign funds. In addition, we should strive to attain the "eight-eight-one-two goal," that is, to increase the dynamics in absorbing foreign investment by laying emphasis on eight major industries—the machinery industry, the petrochemical industry, the metallurgical industry, the electronics industry, light industry, the textile industry, agriculture, and infrastructure; to carry out "grafting" renovation among 800 large and medium-sized enterprises; to make 10,000 foreign-invested enterprises start businesses or go into operation; and to initiate 200 projects each with a direct foreign investment of about \$20 million.

In terms of foreign trade, we should accelerate the readjustment of product mix, strive to search more world markets, expand export, reasonably organize import, and strengthen the power of foreign trade in pulling up the province's economic development. By the end of this century, we should attain the goal of producing 100 "leading" products that can earn \$10 million in foreign exchange annually and making the total volume of foreign exchange earned from exports reach \$10 billion, by emphatically expanding the export in the electronics and machinery industry, in the light and textile industry, and in agriculture.

In terms of economic and technological cooperation with foreign countries and regions, we should strive to promote the export of labor and the export of complete sets of technological equipment, with a focus on the former. We should also strive to consolidate old markets and develop new markets and spheres in an effort to reach \$900 million in the total contracted value of projects abroad and reach 44,000 persons in the total number of workers and laborers sent abroad.

Wen Shizhen stressed: We must further define the point of promotion for the province's opening up. That is, we should promote the opening up of the whole province, with Dalian as the center, and make the province's opening up develop towards a high level, wide sphere, and good quality, by emphatically grasping the opening up of the cities in central province, with Shenyang as its center, and the opening up of western Liaoning, with Jinzhou as its window.

Wen Shizhen demanded: To ensure that the province's opening up will develop to a high level, wide sphere, and good quality, we must continue to emancipate the mind, renew ideas, persist in high-level policymaking, and widen our train of thought, and improve our mode of thinking. To this end, we must further extricate ourselves from the influence by "leftist" ideas and from the yoke of traditional concepts and must free ourselves from the doubts about whether a move is socialist or capitalist, patriotic or traitorous. We must truly judge a move based on whether it is conducive to developing productive forces, enhancing the national strength, and

improving the people's living standards. We should further extricate ourselves from the narrow field of vision of departmentalism, truly enhance the sense of opening up throughout the province, and achieve a common understanding of opening up by giving consideration to the overall situation. We should further eliminate the long-standing close sense and embrace the sense of large domestic and world markets. Leaders of all levels should improve their style of work, set up a responsibility system at each level, define workload quotas and standardized work procedures, conduct evaluation in strict accordance with these quotas and procedures, and assess the quality of cadres based on their practical performances. For such major projects as import of foreign funds, export of products, and contracting of projects abroad, we should also establish responsibility system, define those who are responsible for these projects, and define targets and time limits so that these projects can be strictly grasped from beginning to the end.

In conclusion, Wen Shizhen said: While great results have been achieved in the province's opening up work, many shortcomings exist. At the moment, we are faced not only with opportunities, but also with challenges. This requires us to emancipate our minds, enhance morale, face up to challenges, and struggle to push the province's opening up on a high level, wide sphere, and good quality.

Secretary Addresses Meeting

SK2701100295 Shenyang LIAONING RIBAO in Chinese 8 Jan 95 p 1

[By reporter Zhang Xuejun (1728 1331 6511): "The Provincial Meeting on the Work To Open Up to the Outside World Ends"]

[FBIS Translated Text] The provincial meeting on the work to open up to the outside world ended on 7 January after a three-day session. Attending the meeting were leaders of the provincial party committee, the provincial people's congress Standing Committee, the provincial government, and the provincial committee of the Chinese People's Political Consultative Conference, including Gu Jinchí, Quan Shuren, Wen Shizhen, Sun Qi, Zhang Guoguang, Shang Wen, Wang Conglu, Li Guozhong, Xu Wencai, Liu Zhenhua, Xiao Zuofu, Cong Zhenglong, Guo Tingbiao, Gao Guozhu, and Zhang Rongming. Hu Ping, director of the Special Economic Zones Office under the State Council, and Liu Xiangdong, assistant minister of the Ministry of Foreign Trade and Economic Cooperation, made a special trip to the province to attend this meeting. In their speeches, they fully affirmed the province's achievements in opening up to the outside world and offered opinions on how to accelerate the pace of opening up. Acting Governor Wen Shizhen presided over the meeting, and Gu Jinchí, secretary of the provincial party committee, made an important speech.

Gu Jinchí pointed out: Liaoning Province has offered in an earlier manner the idea of opening up even wider to

the outside world and accelerating development, and has scored relatively great achievements in opening up to the outside world over the past few years. However, Liaoning still has a long way to go compared with other coastal provinces and municipalities. This has been primarily manifested in the problems with regard to understanding and ideology. Leading comrades of some localities and departments have paid no attention to observing and analyzing the changes in international and domestic situations, and have lacked the sense of urgency and the sense of crisis in opening up the province to the outside world. Others have lacked a correct analysis and understanding of the province's situation, and have failed to catch sight of the province's advantage of being located in a special position. Still others, who were deeply affected by old systems and old concepts, have embraced a weak sense of opening up; have failed to meet the demand of the current opening up work in their work attitude, work methods, and mode of thinking; and have failed to put the opening up work in a strategic position in doing practical work. A major purpose of this meeting is precisely to resolve this problem.

After analyzing the international and domestic situations, Gu Jinchí pointed out: We should raise the level, expand the sphere, and promote the in-depth development of the province's opening up. First, we should give play to the function of the new pattern of opening up and make great efforts to raise the level of opening up. This meeting has defined the new opening up pattern as accelerating the opening up of western Liaoning, with Jinzhou as the window, while grasping the opening up of the entire province with Dalian as the head, with Yingkou and Dandong as the two wings and with the central cities around Shenyang as the hinterland. As the head of the province's opening up, Dalian should strive to exploit its leading role to spread its foreign funds, advanced technology, and advanced experiences to all other localities in the province, and should use its convenient condition for absorbing foreign funds to serve all localities in the province. The central cities around Shenyang should take advantage of its solid industrial foundation and strong industrial capacity, as well as its foreign funds, to conduct international cooperation, accelerate the pace of technological transformation, and establish as quickly as possible an export-oriented economic zone that is operated in line with the law of market economy and with international practice, and that comprehensively participates in the division of work and in cooperation with foreign countries and regions. We should exert great efforts in increasing the content of an export-oriented economy in western Liaoning, and should emphatically grasp the utilization of foreign funds and the deep processing of natural resources in order to raise the starting point and accelerate the development of the economy. As a coastal province, the province should uphold an even higher level in building development zones. We should build our development zones into areas that practice the

market economy before others, and that demonstrate the export-oriented economy. Aiming at expanding production through tapping potentials, these development zones should be provided with optimized economic structure, with advanced and applicable technological, and with reasonable and efficient systems. Second, we should explore new ways of opening up, and should continuously expand the sphere of opening up. The opening up itself is a process of continuous exploration. We should encourage bold explorations and use all possible channels and conditions to bring in more funds, technologies, professional talents, and management experiences. We should extensively sponsor profitable trade talks and activities to absorb foreign investment, and depend on foreign-invested enterprises that have cooperated with us, on overseas Chinese and their relatives, on foreign friends, and on all relations and clues that can be utilized to expand the scale of opening up. In the field of utilizing foreign funds, preferential policies should gradually incline to industries rather than to localities. In giving guidance to industries, we should gradually lay emphasis on the primary and tertiary industries instead of the secondary industry. In regional layouts, we should extend the opening up from coastal and central large cities to the eastern, western, and northern parts of Liaoning and to medium and small cities.

In utilizing foreign funds, we should continue to persist in such effective methods as establishing joint venture, cooperative, and wholly foreign-funded enterprises and conducting the processing of products with materials provided from abroad. At the same time, we should pay attention to studying such new methods as using international stock investment, conducting international money-lending and leasing, and initiating umbrella companies. We should persistently combine introduction of foreign investment with lateral ties at home and should combine the opening to the outside world with the opening to places at home. Third, we should improve the quality of opening up and use opening up to readjust our economic structure. The core of the principle of "one grasping and four promotions" is to grasp opening up to promote readjustment. The final result of the in-depth development of opening up should be manifested as optimized economic structure, as the fulfillment of the target of developing new and high technologies, using new and high technologies to renovate traditional industries, and conducting deep processing of natural resources and raw materials, and as the improved quality of the province's economic operation and the better competitiveness of the province's economy. Old products, backward technologies, and unreasonable economic structure are the major factors that restrict Liaoning's economic development. We should optimize our economic structure and upgrade our economy in line with the world economic development standards. Foreign investment must be imported to help form the competitive products and pillar industries of the province.

Gu Jinchi stressed: This meeting has further defined the goals, principles, and measures for the province's

opening up in the future. Whether or not we can make a new breakthrough in the opening up work depends on leadership and implementation. Party committees and governments at all levels should take the lead in emancipate the mind, change ideas, enhance the sense of opening up, and conscientiously do all kinds of work related to opening up. Along with the deepening of reform and opening up, the "left" ideas have been checked, and the disputes on the questions of "socialism" or "capitalism" have obviously decreased. In practical work, however, some comrades still have a lingering fear. For instance, some have always had a "prejudice" against foreign friends and thus dare not to make friends with them. In absorbing foreign investment, some comrades have always been afraid of suffering losses and thus have been reluctant to offer good enterprises to conduct integrations with foreign firms. When holding trade talks with foreign traders, some comrades have feared to assume responsibility and run a risk, and have only given consideration to immediate interests to the neglect of long-term interests and overall interests, thus missing many opportunities and causing the situation in which something that can be done by other provinces cannot be done by Liaoning Province. This shows that our minds have not been emancipated and our concepts remain outmoded. We should encourage and support the comrades at the grass-roots level to further emancipate their minds and combine the emancipation of the mind with the practical work of opening up. According to the provincial opening-up strategy, all localities and all departments should formulate their own plans that are suitable for the economic development of their own, and should make good arrangements for their work in the next step. Principal leaders should personally assume responsibility for the major issues and policy decisions concerning opening up, and these issues and decisions should be listed as important items on their daily agenda. Additionally, a responsibility system should be instituted for the opening up work in order to achieve success in this work. We should strengthen coordination among different organizations and mobilize the initiative of all fields to form a joint effort to conduct opening up. Opening up involves all departments in economic and social spheres, and therefore it is by no means a simple professional work. All departments concerned should proceed from the overall situation of the province and voluntarily cooperate and coordinate with one another. So long as we strengthen party leadership, unite as one, give play to the vanguard and exemplary role of all party members, mobilize the initiative of all the people in the province, and work hard in line with the guidelines of this meeting, we will certainly be able to create a new situation in opening up.

Northwest Region

Qinghai Officials Discuss 1995 Development Plan

HK2601095095 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 16 Jan 95

[FBIS Translated Text] A provincial planning work meeting opened in Xining yesterday [16 January] to study

the implementation of the instructions of the central economic work meeting and the Third Plenary Session of the Eighth Provincial CPC Committee, and to discuss and arrange Qinghai's national economic and social development draft plan for 1995. Fu Sun, director of the provincial planning commission, relayed the instructions of the central economic work meeting, reported on Qinghai's economic operations in 1994, and expressed his detailed views on the province's arrangements for national economic and social development in 1995.

While reporting on Qinghai's 1994 economic operations, Fu Sun said: In 1994, the people of all nationalities in Qinghai, under the leadership of the provincial party committee and government, made new achievements in accelerating reform, opening up, and economic construction, which manifested themselves in the following facts: First, economic structural reform proceeded smoothly. Last year, the state introduced major reform measures to the financial, taxation, monetary, investment, price, foreign trade, and foreign exchange systems, as well as to enterprise systems. In accordance with the instructions of the central authorities, Qinghai carried out these reforms comprehensively, and made important progress. Second, the national economy continued to grow. Qinghai's GNP was estimated at 13.5 billion yuan, an increase of 8 percent over the previous year calculated in terms of comparable prices, thereby fulfilling the planned target. The province registered comparatively good agricultural and animal husbandry harvests. The gross output value of town and township enterprises amounted to 1.52 billion yuan, an increase of 35.7 percent—the highest over the last 10 years. Qinghai's industrial production grew steadily, with a gross output value of 8.26 billion yuan, an increase of 10.5 percent. Third, the construction of key state projects proceeded smoothly.

While confirming Qinghai's achievements in its 1994 economic work, Fu Sun pointed out: In 1994, there also were problems in our economic operations, such as serious inflation, a slow increase in fixed-asset investment, and some enterprises' facing difficulties in their production and operation. In accordance with the instructions of the central economic work meeting and the guidelines for this year's economic work set by the provincial party committee and government, Qinghai's planning work for this year is as follows:

With the focus on curbing inflation, all major reforms will be perfected; macroeconomic management will be improved; enterprises' operational mechanisms will be transformed; growth rates and economic results will be coordinated; the position of agriculture as the foundation of the national economy will be strengthened; the supply of agricultural and sideline products will be increased; the work of helping the poor will be made a success; the economies of the rural and pastoral areas will be developed comprehensively; resource exploitation will be carried out, along with technological progress; the economic development stamina will be

strengthened; the scope of opening up to the outside world will be widened, so as to serve the exploitation of resources and the invigoration of the economy; efforts will be made to bring about coordinated development of the economy and all social undertakings; and the Eighth Five-Year Plan will be thoroughly fulfilled.

In line with these objectives, Qinghai's planned targets are as follows: The GNP will increase by 8 percent, and the target of quadrupling the GNP will be achieved one year earlier.

Xinjiang People's Congress Committee Convenes

OW2601123995 Urumqi XINJIANG RIBAO in Chinese 10 Jan 95 p 1

[By correspondent Bao Shuqin (7637 3219 3830): "The Eighth Xinjiang Autonomous Regional People's Congress Standing Committee Holds 12th Meeting"]

[FBIS Translated Excerpt] The 12th meeting of the Eighth Xinjiang Autonomous Regional People's Congress Standing Committee [XARPCSC] opened on 9 January.

XARPCSC Chairman Amudun Niyaz presided over the meeting. After approving the agenda, the meeting heard a report by Abdulahat Abdurixit, Xinjiang Autonomous Regional People's Government [XARPG] chairman, on the investigation and handling of the "12.8" disastrous fire at Karamay; a briefing by Fu Dasheng, XARPCSC General Office director, on (draft) regulations governing the supervision by people's congress standing committees at all levels in Xinjiang; a briefing by Luan Zhenzhong, XARPCSC member and XARPCSC Personnel Committee chairman, on draft revisions of autonomous regional regulations governing the XARPCSC Regional Work Committee's work and draft revisions of regulations governing the work of township, ethnic township, and town people's congresses; a report by Xu Guanbin, XARPCSC Legislative Affairs Commission vice chairman, on draft revisions of the autonomous regional methods for popularizing the application of agricultural techniques and on the results of discussions about draft revisions of autonomous regional regulations governing the control of mineral resources; a briefing by Ren Zhishi, Xinjiang Village and Town Enterprises Bureau director, on draft autonomous regional regulations governing village and town enterprises; a briefing by Zhang Yuezhi, chairman of the Xinjiang Autonomous Regional Science and Technology Commission, on draft autonomous regional regulations governing scientific and technological advances; and a written report on the examination of measures for the administration of Muslim food in Urumqi city. A chairmanship meeting entrusted both Fu Dasheng and Luan Zhenzhong to give their briefings at the 12th Meeting. [passage omitted]

Mijiti Nasier, XARPG vice chairman; Mijiti Kurban, chief procurator of the Xinjiang Autonomous Regional People's Procuratorate; a person in charge of the Xinjiang Regional Higher People's Court; and Mahinur Kasim, member of the National People's Congress Standing Committee, attended the meeting as observers. All democratic parties and mass organizations also sent delegates as visitors to the meeting.

More Media Coverage on ARATS-SEF Talks**SEF's Chiao Meets Wang Zhaoguo**

OW270111195 Taipei China Broadcasting
Corporation News Network in Mandarin 2300 GMT 24
Jan 95

[From the "Hookup" program; recorded passages in italics]

[FBIS Translated Text] When Wang Chao-kuo [Wang Zhaoguo], director of Communist China's State Council Taiwan Affairs Office, met with Chiao Jen-ho, vice chairman of the Straits Exchange Foundation [SEF], yesterday afternoon, the former reiterated Communist China's basic policy—peaceful reunification and one country, two systems—whereas the latter stressed most people in Taiwan cannot accept the concept of one country, two systems. Chiao Jen-ho mentioned something about Taiwan becoming a region whose business operations is not the center of the Asia-Pacific region. He said if Communist China cannot specifically recognize Taiwan's dignity and safety, the Republic of China [ROC] would rather give up the mainland market. Chiao Jen-ho added that the statement was his personal opinion and that he was ready to assume full responsibility for it if it is not in line with national policy. The following is a report by [correspondent] Li Tsu-chen:

[Li] Wang Chao-kuo, director of Communist China's State Council Taiwan Affairs Office, met with Chiao Jen-ho, vice chairman of the SEF, in the afternoon of 24 January and hosted a banquet for ROC delegates to the negotiations. During his meeting with Chiao Jen-ho, Wang reiterated Communist China's political stand—peaceful reunification and one country, two systems. Tang Shu-pei [Tang Shubei], vice chairman of the mainland's Association for Relations Across the Taiwan Strait [ARATS], expounded on the stand for him.

[Tang] *Based on the policy of peaceful reunification and one country, two systems, the CPC Central Committee with General Secretary Chiang Tse-min [Jiang Zemin] as the core has made many suggestions in the past on promoting the development of cross-strait relations. In the future, it will continue to make suggestions conducive to promoting the development of these relations.*

[Li] Chiao Jen-ho explicitly said the concept of one country, two systems is against the will of the public in the Taiwan region.

[Chiao] [broadcast in progress] *...affirm the peaceful solution of the reunification issue proposed by Teng Hsiao-ping [Deng Xiaoping], but the concept of one country, two systems cannot be accepted by the overwhelming majority of people in Taiwan. If China can realize modernization, [words indistinct]. China's modernization must inevitably include Chinese citizens residing in free regions.*

[Li] Chiao Jen-ho and Wang Chao-kuo also exchanged views on cross-strait economic interchange. Chiao said the ROC would rather give up the mainland market if there is no well-meaning response from Communist China.

[Chiao] *Taiwan is an island. Now, the reform and opening up carried out by the people in Taiwan aim at establishing Taiwan as a business operations center in the Asia-Pacific region. If the mainland does not specifically recognize Taiwan's dignity and safety, Taiwan would rather become a region whose business operations is not the center of the Asia-Pacific region.*

[Li] The political and economic dialogue between Chiao Jen-ho and Wang Chao-kuo continued to [words indistinct]. Chiao Jen-ho said he is ready to assume full responsibility for his talk if it is not in line with the policy determined by high-level officials.

[Chiao] *Of course, I [words indistinct] speak of my personal opinion. [words indistinct]*

[Li] Chiao Jen-ho and Wang Chao-kuo affirmed the progress made by the SEF and ARATS in past consultations. Wang Chao-kuo believed that the agenda must be determined for the consultation and [word indistinct] to be held between the people in charge of ARATS and SEF in the future and that they may discuss any topic so long as they are conducive to the development of cross-strait relations.

Talks Extended

OW2701024695 Taipei CNA in English 0229 GMT 27
Jan 95

[By Ho Ching-ping and Benjamin Yeh]

[FBIS Transcribed Text] Beijing, Jan. 26 (CNA)—Taiwan and mainland China on Thursday agreed to extend their ongoing private talks an additional day in a last-ditch effort to salvage an agreement over fishing disputes.

"We've been authorized by the Mainland Affairs Council to extend the talks for another day, and the suggestion has been accepted by the Association for Relations Across the Taiwan Strait (ARATS)," Jiao Jen-ho, vice chairman of Taiwan's Straits Exchange Foundation (SEF), said at a press conference.

The SEF and ARATS are the quasi-official intermediary bodies created to handle private exchanges between the two sides in the absence of official contacts.

The SEF raised the recommendation after negotiators from the two sides remained deadlocked over the resolution of fishing disputes on the last day of the scheduled five days of talks. At the core of the difference is the range of waters official boats from both sides should be allowed to traverse over in the handling of fishing disputes.

The mainland side has maintained that there is no need to make an exact definition of water boundaries in a written agreement because both sides have a "tacit understanding" on the issue. But Taiwan negotiators want the allowable waters clearly stipulated in the agreement in order to avoid maritime conflicts. The tacit understanding is that there is an imaginary middle line in the Taiwan Strait that may not be broached by police and military vessels from either side.

Sources said that ARATS seems to have toughened in its stance, with ARATS Vice Chairman Tang Shubei threatening to eliminate the discussions on "official" boats. ARATS had not agreed to discuss the issue until last August, when Chiao and Tang met in Taipei, because the mainland had refused to recognize the legitimacy of Taiwan's official boats and the imaginary middle line in the Taiwan strait.

Chiao declined to say whether he would sign the two other agreements he reached with Tang earlier in the week should both sides fail to thrash out differences on the fishing disputes issue on Friday. Chiao and Tang were originally set to ink the two accords on the repatriation of mainland Chinese hijackers and illegal immigrants on Thursday.

"It's up to the Mainland Affairs Council now, not the SEF," Chiao stressed. The meeting between Chiao and ARATS Chairman Wang Daohan in Shanghai, originally set for Friday, has been postponed to Saturday due to the change in schedule.

Despite the change of mood, the SEF negotiators held a dinner party Friday night as scheduled to entertain their ARATS counterparts.

Talks End Without Agreement

HK2701122395 Hong Kong AFP in English 1202 GMT 27 Jan 95

[FBIS Transcribed Text] Beijing, Jan 27 (AFP)—Talks between Taiwan and China ended here Friday, with the two sides failing to sign an expected agreement because of differences over fishing disputes, negotiators said.

Tang Shubei, vice-president of China's Association for Relations Across the Taiwan Strait (ARATS), said it was "difficult" to understand how there was no consensus after the two sides reached "full agreement" in two areas.

After numerous rounds of talks, the two sides have agreed on the sensitive issue of repatriating hijackers and illegal immigrants, economic exchanges, cultural, scientific and technological matters.

ARATS—a front organisation set up to skirt a ban on official exchanges with Taiwan—had proposed signing the agreements separately. However, Taiwan this week appeared to press demands for a global accord.

"Even the very important agreement on fishing disputes, we also made progress," said Tang.

But talks on the matter appeared to be foundering on sensitive issue of sovereignty. Previously negotiations have been held up over repatriation, with Beijing refusing to recognise Taiwan's right to try mainlanders.

"I regret that we were unable to reach agreement but it is very difficult to ignore the different situations on either side of the strait," said Taiwan Straits Exchange Foundation (SEF) vice chairman Chiao Jen-ho.

Chiao expressed his "dissatisfaction" at Beijing's continued refusal to recognise Taiwan.

The nationalists fled to the island after their forces were defeated in a civil war with the communists in 1949. China has since considered the island as a renegade province.

Tang and Chiao began Sunday their seventh round of talks since an historic meeting in Singapore in April 1993 between ARATS president Wang Daohan and SEF president Koo Chen-fu.

Earlier this week, negotiators appeared confident an agreement could be signed during Thursday's third and final face-to-face meeting between Tang and Chiao, opening the way for a second Wang-Koo summit.

However, differences came out into the open Wednesday and the negotiators agreed Thursday to extend their discussion by one day.

Chiao said no date had been set for a second Wang-Koo summit.

Chien Addresses World Freedom Day Meeting

OW2601150995 Taipei CNA in English 0225 GMT 26 Jan 95

[By Flor Wang]

[FBIS Transcribed Text] Taipei, Jan. 25 (CNA)—Foreign Affairs Minister Chien Fu on Wednesday [25 January] called for the adoption of different, more fundamental means to end continuing conflicts and chaos around the world.

Chien made the remarks in a speech of representatives to the World Freedom Day meeting given at the Foreign Affairs Ministry. About 45 [word indistinct] representatives from 45 countries and areas around the world attended the meeting in Taipei on Jan. 23.

Chien said that although the Cold War era is over and communism has collapsed, "history shows us that evil will always exist, and also confirms that we cannot wait passively for an upturn."

"In eliminating the extremes of human existence... [ellipses as received] we can more clearly identify our true objective—to live, as a progressive being, and strive for human development in its richest diversity," Chien said, urging people around the world to have the will to

survive, learn and improve themselves," so that everyone can have freer lives.

As the United Nations is celebrating its 50th anniversary this year, Chien also called on the foreign guests to support the Republic of China's [ROC] bid to re-join the UN.

He emphasized that the ROC's exclusion from many multilateral forums is in opposition to the UN's principle of universality and is a serious obstacle to the ROC's useful participation in the international community.

While calling on all freedom-loving people to back the ROC's participation in the UN and to promote the changes needed for world progress, Chien said "freedom and democracy for all peoples depends on everyone's contribution."

Chien, citing Czech President Vaclav Havel concluded the speech by saying: "freedom and responsibility are two sides of the same coin the enjoyment of one requires respect for the other human progress requires everyone to be responsible in achieving universal freedom and democracy."

Shih Challenges Li Not To Run for President

OW2701024295 Taipei CNA in English 0204 GMT 27 Jan 95

[By Bear Lee]

[FBIS Transcribed Text] Taipei, Jan. 26 (CNA)—Chairman Shih Ming-teh of the main opposition Democratic Progressive Party (DPP) on Thursday suggested that the and president and KMT Chairman Li Teng-hui not run in the next presidential election to help assure that the election process goes smoothly.

Shih, who is considered a leading DPP presidential hopeful, made the call at a year-end conference of the party. He said that President Li has made great contributions to Taiwan's democratic transformation and is assured a place in history, but that since his mission is complete, he should step aside for another candidate. He said that as a condition of Li' not running, he would declare himself out of the running for president.

The National Assembly amended the constitution last year to pave way for the popular presidential election. The ROC [Republic of China] president and vice president formerly were elected by the National Assembly.

Shih also lashed out at the government plan to establish an "offshore shipping center" in Kaohsiung as an attempt to establish "de facto" marine links with mainland China, which are currently banned under the national unification guidelines.

He said that the government should instead establish a "cross-strait transshipment center" on the offshore islands of Kinmen and Matsu so that Taiwan-mainland exchanges can proceed on an equal footing and so that

Taiwan's sovereignty will not be sacrificed. Shih also said he believes there will be no change in the cross-strait relationship after Beijing's supreme leader, Deng Xiaoping, dies.

He said the DPP in the year ahead will focus on nominating members to run in the presidential, legislative and National Assembly elections, and will also try to form a "shadow cabinet," which he said would test the DPP's potential to become the ruling party in the future.

Mainland Pastors Conduct Two-Week Visit

OW2601124495 Taipei LIEN-HO PAO in Chinese 12 Jan 95 p 17

[FBIS Translated Excerpt] Pastors from both sides of the Taiwan Strait met in Taipei for the first time yesterday. As they are not very familiar with religious freedom on the mainland, the Taiwan pastors asked the mainland pastors a lot of questions, which the mainland pastors answered one by one. They said that although the mainland government has permitted religious freedom, the growth in the number of believers varies in different areas. This has something to do with local administrators, it is not a question of policy.

At Taiwan Pastor Huang Yue-han's invitation, a nine-member delegation of pastors from the Catholic Association of Fukien [Fujian] Province arrived in Taipei on 10 January for a two-week visit. Yesterday morning, the delegation took part in a forum for Catholic leaders from both sides of the strait. Scores of pastors from Taiwan attended. [passage omitted]

After the forum began, almost all questions were about religious issues on the mainland. Someone asked: Atheism is the Marxist-Leninist ideology of communism. How can mainland theology colleges teach theology under such circumstances? Pastor Zheng Yugui [Cheng Yu-kuei], president of the Fukien College of Theology, noted: Theology colleges teach according to their curriculum; they give first place to "soul" and refrain from discussing Marxism-Leninism. He said: "We express our beliefs by our actions and work." [passage omitted]

The mainland delegation is scheduled to leave Taiwan on 23 January.

Easing of Foreign Investment Restrictions Planned

OW2601132695 Taipei CNA in English 0926 GMT 26 Jan 95

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, Jan. 26 (CNA)—Taiwan will ease restrictions on foreign and overseas Chinese investment in line with its bid to become a regional business hub in the Asia-Pacific.

The cabinet approved at its weekly meeting Thursday draft amendments to current regulations governing foreign and overseas Chinese investment in Taiwan.

The draft amendments, which will soon be sent to the Legislative Yuan for screening and approval, open more industries for foreign and overseas Chinese investment and ease restrictions on capital gains repatriation.

The eased restrictions aim to attract more foreign and overseas Chinese investors to help build Taiwan into a regional business hub, government officials said.

The amendments are also designed to bring Taiwan's investment regulations in line with the requirements of the Geneva-based General Agreement on Tariffs and Trade which Taiwan hopes to enter later this year, the officials added.

According to the draft amendments, all industries, with the exception of those included in the "negative list" or likely to harm national security, public order, good social mores and public health, will be open to foreign and overseas Chinese investors.

Under the new policy, foreign and overseas Chinese investment in such businesses as gas stations, travel services, production of animal feed, chemical fertilizers and leather, as well as limestone exploration, will all be allowed. At present, foreign investment in those domains are subject to prior government approval on a case-by-case basis.

Meanwhile, the government will also open oil refining, power generation, tap water supply, railway and harbor construction as well as production of sodium cyanide, potassium cyanide and asbestos to foreign and overseas Chinese investors on a case-by-case basis. Currently, foreign investment in those lines of business are totally prohibited.

In line with the Multilateral Montreal Protocol, the draft amendments forbid foreign and overseas Chinese investment in chlorofluorocarbon (CFC)-related industries.

Under the draft amendments, foreign and overseas Chinese investors will be allowed to repatriate their funds at anytime they wish. At present, they cannot repatriate funds until the money has been invested for one year.

Foreign and overseas Chinese investors will also be allowed to use the new Taiwan dollar instead of foreign currencies to pay for their investment projects here in the future.

The draft amendments will be formally implemented after clearing the legislature in the next legislative session.

Poll Shows Businesses Expecting Protection Pact

OW2701024195 Taipei CNA in English 0155 GMT 27 Jan 95

[By Flor Wang]

[FBIS Transcribed Text] Taipei, Jan. 26 (CNA)—Nearly 40 percent of Mainland China-based Taiwan businesses

expect that Taipei and Beijing soon will sign an agreement guaranteeing Taiwan business interests in the mainland, according to a survey.

The Taipei-based Chinese National Federation of Industry (CNFI) found that more than one-third of local businesses with operations in Mainland China think the signing of such a pact is a top priority of the two sides.

Although Beijing passed the "Law Protecting the Investments of Taiwan Compatriots" in March 1994, most mainland-based Taiwan businesses want an official agreement signed by both Taipei and Beijing to fully guarantee the protection of themselves and their businesses in the absence of formal relations between the two sides, the CNFI pointed out.

Also of urgent interest to the mainland-based Taiwan businesses are the opening of the Taiwan market to mainland Chinese semifinished products, allowing Taiwan banks to open branches in the mainland, and the establishment of cross-strait bilateral transport, commercial and mail links, according to the survey.

The survey covered 1,500 Taiwan enterprises with operations in Shanghai, Beijing, Tianjin and Jiangsu Province, with 285 of the businesses responding, the CNFI said.

New Representative Leaves for Belgium

OW2601132595 Taipei CNA in English 0843 GMT 26 Jan 95

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, Jan. 26 (CNA)—Huang Yen-chao, the new Republic of China [ROC] representative to Belgium, left for Brussels Wednesday [25 January] to assume his new post.

Huang said prior to his departure that he will focus his efforts on promotion of bilateral ties between Taiwan and Belgium as well as the European Union (EU).

He said he will also devote his abilities to helping Taiwan enter international organizations, including the Geneva-based General Agreement on Tariffs and Trade (GATT) and the Paris-based Organization for Economic Cooperation and Development (OECD).

Huang said his other mission in Belgium is to help Taiwan win membership in the Customs Cooperative Council (CCC), an international governmental organization promoting customs cooperation among member countries.

The Brussels-based CCC boasts some 100 members and aims to facilitate customs processing and settle international customs disputes as well as formulate rules and regulations governing customs operations.

***New Mayor Interviewed**

95CM0099A Taipei HSIN HSIN WEN [THE JOURNALIST] in Chinese No 405, 7 Dec 94 pp 43-47

[Interview with new Taipei Mayor Ch'en Shui-pien (7115 3055 2078) by Liao Fu-shun (1675 4395 7311); date and place not given: "The New Taipei Administration"]

[FBIS Translated Excerpt][Passage omitted]

[Liao] How do you interpret the significance of your doing so well in the Taipei mayoral election?

[Ch'en] My essential philosophy of life is that "things should be done in a likely manner, with good preparations made for all actions." This general election was an unprecedented experience for all political parties and figures, bringing a brand new order. I have long had the idea that in order for me to advance, I must not "eat from the bowl with my attention elsewhere." While I am doing this job, dealing with my inner thoughts is another matter, and the best grounds for being future-oriented can only be to do my current job well.

So I have struggled diligently in the legislature for some years, serving my constituents on one hand, while laying the foundation on the other for steady self-expectation, self-transcendence, and self-challenge. Today proves that this four- or five-year struggle was not in vain, in that I have been able to hold the line despite two powerful opponents and constant mud-slinging and distortion.

Second, as to my preparations, in August 1993 I established in my congressional office a municipal administration center and held 30-some consecutive lecture courses in municipal administration, inviting all sorts of academics, professionals, municipal administration officials, and media correspondents to come to class with me, and bringing all of my assistants and service staff to attend lectures with me at their convenience. Then I set up a special advisory group to study and reorganize the municipal administration, which slowly worked out my whole set of municipal administration plans, such as the "Eighteen Changes for Taipei City" and the "Municipal Administration White Paper." This is how I got several steps ahead of my opposition. Then came the party primary. My method was to treat the primary election not as merely a primary, but rather as a preparation for the general election, which was the only way I could keep an overview of things. On the chance that I was not nominated, I could have turned over my resources to the party's nominee and, if I was nominated, I would have already made good preparations, meaning that I had already started to run, as well as having run a good distance. If I had waited until the last minute to start, I would have been caught unprepared. This was Ch'en Ting-nan's problem, in that it was only after the primary that he got involved in the general election, which was quite obviously too late.

[Liao] In addition to this, what else do you hold that the Democratic People's Party [DPP] can learn from you?

[Ch'en] Elections for public representatives and for chief executive are absolutely different in that the tactics and methods used in public representative elections cannot be applied to ones for chief executive. While public representative elections can go to demanding extremes, chief executive elections absolutely must not. But while definitely taking a moderate line, one must not give up his principles and positions.

Second, it is necessary to make surefire preparations, with no hasty arrangements or leaving things to chance. In addition, it is necessary to organize for battle. Elections for chief executive in particular absolutely must not lack organization, as it is not enough to be dependent solely on whims.

Past DPP elections had only "points and lines," but no "depth." But in this election, I had my own backing and footing in all neighborhoods and districts, which organized there regularly, being not only my first line, but also my eyes and ears. So I fought not only a publicity fight, but also an organized battle, without which I might have lost to Huang Ta-chou or Chao Shao-k'ang. This is a particularly crucial orientation for DPP reference in future general elections, in that we cannot win with points and lines alone without depth. I hold that we lost the current provincial gubernatorial election because we had only points, lines, and votes on whim, not a sound overall organization.

In addition, I gave 85 speeches, with small "watch-and-see speeches" in family villages, and large evening entertainments averaging 2-3,000 people each. I estimate that 2.5 million people heard speeches by me, which were such great numbers that even the Kuomintang [KMT] and the China New Party [CNP] could not achieve. Traditional markets were also my large voting banks, where my wife and I traveled often, gaining the support of Ou Chi-sang and Ou Pa-sang. In addition, I toured as many communities of all sizes as possible, willing even to spend 20 minutes talking to some dozens or hundreds of people in small community parks, holding that this would leave a very direct impression on the electorate. As all such activities required tight organization, I hold that a dual orientation of both organization and publicity is crucial.

In addition to organization and publicity, there was also tactics. As I knew that that was my weak point, I could not use the traditional DPP tactic of just holding on to the traditional 30-35 percent of votes, which votes I knew were ironclad ones that could not be lost as long as I made no mistakes and the DPP was united. Moreover, events proved that of all party candidates, I completely held onto these ironclad votes. But as I wanted to win, I could not win only 35 percent, being still short by 5-10 percent of the middle-of-the-road free votes. So I set my true goal at 40-45 percent, finally calling for 51 percent, which was a tactical move to give my supporters a sense of crisis.

As we knew that we had to win the middle-of-the-road free votes, such as students, women, young outsiders,

and even family villagers, we called mainly for "happiness and hope," and then focused all items, such as overseas press publicity, videotapes, and theme songs, on this axis. Our objective was to slowly nibble away, as we had no way to gobble up. And this "nibbling policy" eventually proved out in that we won the needed free votes.

[Liao] The numbers show that while you opened up a wide lead over Chao Shao-k'ang and Huang Ta-chou, they still won quite a few votes with a very short preparation period. As to the voting trend among Taipei residents, does this not show a problem? And what was it that made you decide right from the start that you could win the needed votes by relying on "happiness and hope?"

[Ch'en] We held that Taipei was an exceptionally high level region, one in which the majority were middle-class workers and industrial and commercial entrepreneurs. We sounded out the public will very clearly and, after soliciting opinions from people in all circles and holding some dozen tactics meetings, chose three main themes, which my wife eventually finalized. We stood for departing from the past DPP tragic sentiments, to move towards hope, and saying goodbye to the dirt and chaos of Taipei, to welcome the approaching residential age of hope.

Comparing us to CNP's Chao Shao-k'ang, residents could see that he was a "struggler for survival," while we were the party of "happiness and hope," so that it was very easy to distinguish who actually liked a tragic struggle for survival from who was the party of happiness and hope. So I said that they had their bottlenecks. While they could mobilize their clan group awareness, consolidating their forces, with this election being the best opportunity and space for the CNP in Taipei City, this was also their great limitation. Moreover, they also virtually eroded KMT votes, which votes I hold will slowly return to the KMT after reflection and revision by the KMT.

[Liao] Another of your features was that you used several under-30 youngsters as your campaign's general advisers and executive officers. What were your ground for doing this?

[Ch'en] Taipei is a youthful city, a world for the young. Moreover, the whole ROC is also in fact moving toward control by the young. For instance, most Legislative Yuan legislative assistants are under 30, being a most valuable force in committee policy examinations. These young people have valuable brains, ideals, and zeal, while being able to work tirelessly, which is a dynamic that represents hope for me. In this campaign, youthful heads were particularly creative, coming up with brand new and artistic methods. This is what was lacking in past Taiwanese elections, as well as a magnificent tide that all areas are now copying.

[Liao] Have you not considered that young people also have flaws, such as inadequate experience and not enough steadiness and discretion?

[Ch'en] I hold that it is precisely their lack of experience that is the best experience, because if they were experienced, they would be likely to act in the same old ways.

[Liao] During Huang Ta-chou's municipal administration, there were 80,000 municipal staff members, an exceptionally bloated municipal administration. What do you consider was his worst flaw?

[Ch'en] I hold that it was administrative inefficiency. As this is a management problem, I have emphasized three areas, efficiency, anti-corruption, and public intimacy, in which the coming municipal administration needs to achieve results where not enough was achieved previously. The whole Huang Ta-chou municipal administration suffered from particularly low morale among its staffers, with no dignity or motivation, being totally in the service of Huang Ta-chou the individual, which was wrong. So some department heads are saying now that "loyal officials will not serve a second master." What age do they think they are in? No wonder that in the past, with all acting in the interests of Huang Ta-chou alone, such feudal thinking was essentially unable to get anything done. Our municipal administration should serve our residents and compatriots, existing only for our residents, with officials serving not the mayor or the party. I am going to make them understand that they are serving neither me Ch'en Shui-pien the individual, nor the DPP. Ch'en Shui-pien represents not an individual, the DPP, or the southern Fujianese, but rather all in a pluralistic way without regard to party affiliation, clan grouping, or provincial origin.

So we know that municipal operations and management are going to be our greatest problem, as Huang Ta-chou's inadequacy was an error. There are certain painful problems, such as the Rapid Transit Bureau and rapid transit companies having too many horse-drawn carts, and the social and education bureaus kicking the ball back and forth into each other's courts.

So in staffing my municipal administration, I am making Ch'en Shih-meng my deputy mayor because of his economics background, which is management-related, and Liao Cheng-ching my secretary general because he is a Fiscal Studies Institute graduate, also out of financial management considerations. As municipal administration is management, how to best use, control, and manage money is best done by someone with a finance and economics background. So I am using people with finance and economics backgrounds for these two key posts to supplement my inadequacy, as I studied law administration, so have no finance and economics background.

[Liao] While the management ranks are growing younger, there are still quite a few elderly civil servants. Will this create a management problem?

[Ch'en] In this session of the municipal legislature, one-half are under 40, so that the legislature is growing

younger. So how can you say that the municipal administration is not growing younger? As to a management problem, the essential matter is that as long as the key posts are held by younger people, this will have the best demonstration effect. To be frank, while I am certainly not concerned about this point, the municipal administration's past chronic problems cannot be solved all at once. But I do believe that where there's a will there's a way. With a good start, we will be able to "move ahead."

[Liao] As to personnel, both Ch'en Shih-meng and Liao Cheng-ching are significant as representing clan groupings. Were your personnel arrangements focused mainly on representation or function?

[Ch'en] My primary consideration was function! While my first consideration was a specialized division of labor, and then concurrent consideration to clan groupings, if that had been impossible, professional considerations were still most important. So I am using them not because they are outsiders or Hakkas, but rather because their professional skills were confirmed by me, as well as being highly praised by all unanimously.

[Liao] Were all of your top officials so chosen?

[Ch'en] Yes, all were considered professionally.

[Liao] While you have always been a public representative, so that you understand that best, your role in the next four years is going to change. How do you plan to adjust?

[Ch'en] I am not concerned about that at all. Whatever you do should be done in a likely manner, acting like a mayor when mayor and like a public representative when a public representative, with a public representative speaking more and a mayor listening and acting more. But while the roles are completely different, I am full of confidence in the outcome. As to public bodies, I also have no fear of them carrying out meaningless boycotts, and I believe that they will not intentionally resist or act up.

As Taipei voters and legislators are both of the highest quality, I believe that Taipei municipal legislators will be absolutely reasonable. So as long as they act genuinely and sincerely, with all acting in the common interests of our residents, then I will always stand with our residents. I will always stand on the side of truth and justice. In this way, I believe that I will certainly win the common support of my legislative colleagues without regard to clan grouping or party affiliation. I am not going to advocate a controversial ideological agenda, which is not within the scope of my jurisdiction. What I am going to pay attention to is how to change the environment and quality of life of our residents, on which I believe there is a consensus. While there will be dissent, I will not act at cross purposes, rather talking things out, compromising, and harmonizing. Do you see any distinction here by party affiliation or clan grouping? I think not.

[Liao] As this session of the Taipei legislature has no one party with more than one-half of the seats, this is a subtle change. While you are going to pay special attention to public policy, it will be very hard to completely ignore this change. Is the political struggle among these three parties likely to turn its guns on you?

[Ch'en] While we will have to make some adjustment, I am not afraid. You know that I come from the people, the legislature, and the congress, with a wealth of experience. While the legislature will at times argue and debate, that is their affair, as I will still in any case proceed with my necessary municipal administration.

[Liao] Do you have any bottom line? On which terms will you compromise, and on which will you confront?

[Ch'en] I have never engaged in confrontation, I absolutely will not, I have no bottom line, and I am unable to engage in confrontation. I am going to seek legislative support and cooperation, on which point I am very clear, and I will not engage in confrontation with any party.

[Liao] As you are going to have a problem dealing with the central government, how are you going to do so?

[Ch'en] While I am absolutely not going to engage in confrontation with the central government, I am still going to fight for the legitimate rights and interests of our residents. But this struggle will certainly not be confrontational.

[Liao] But what if you fight to the limit, and the central government will still not give in?

[Ch'en] If we are not given what we strive for, I believe that the legislature will give us powerful backing, with our residents also backing us up, and the emphasis being on the principles for which we struggle, which will be reasonable and just.

[Liao] Another "central" matter that you will have to deal with is the DPP Central Committee. What needs to be done there?

[Ch'en] That will be no problem. Our party central committee is no problem, not interfering as to personnel matters, and discussing only municipal government and quality of life issues as to policy. So how could our party central committee differ with us? As our party will be tied to public opinion, there will be even less problems in that area.

[Liao] In other areas, such as advocacy groups for the weak and poor, which see you as their hope, these will all have needs. Do you believe that you can satisfy all parties?

[Ch'en] We have regular contacts with such groups, with their needs being essentially the conclusions of our white paper on municipal administration. While I will be unable to absolutely satisfy all parties 100 percent, I will do all possible to do so.

[Liao] But what is your order of priorities?

[Ch'en] Regardless of the group or stratum, I believe that we are all clear about their problems, as we have reached conclusions about their demands. So of course, within fiscal possibilities, the ones already set forth are absolutely our priorities, and we will also make good one by one within fiscal possibilities on the ones that were not set forth in our administration white paper.

[Liao] Your white paper contains a community concept, being moreover one of child care and family security. But while the greater Taipei region has a very high population density, it is a city in which interpersonal relations are particularly distant. So how are you going to go about forming a "community" concept?

[Ch'en] That will depend on whether we make the unit the neighborhood, the street, the community, or the school district. As we all have a school district, the school district could be made the community unit.

[Liao] As to how the budget will be spent, will everything be budgeted, or will there be voluntary service?

[Ch'en] Some matters can be handled without much money, while others can be dealt with through resident participation, as well as voluntary service. We can also spend very little money by inviting many people to handle many matters, which is what I just referred to as a management problem.

[Liao] Could it occur that model communities might appear in certain Taipei locales, while ordinary conditions are certainly not improved?

[Ch'en] While we would like to make that a 100-percent impossibility, we will do all that we can. While we will do very well in some cases, it may occur that we do less than ideal in others. While this is normal, we will invariably

need model communities as a cause and an example to strive for. I believe that as long as we proceed roughly without difference, that will be ideal. We will act in sites and lines and finally in scale.

[Liao] What do you hold will be your toughest challenge in the next four years?

[Ch'en] My toughest challenge will be a self-challenge, for me to do a good job as mayor of Taipei, just as I did a good job in the past as a national legislator. While my toughest challenge will be myself, I will be able to meet it. The congressional halls had 161 national legislators to deal with, right? To compete with others, while winning voter support and congressional correspondent admiration, I believe that there are just six characters [three words] involved, or justice, conscientiousness, and professionalism! I believe that I have achieved those things.

I believe that my principles are the same, in that one should act in a proper manner, being mayor like a mayor. So I particularly agreed with and listened well to the philosophical instructions given me by Control Yuan President Chen Lu-an. They were just like my name, in that "Shui" [water] is the sweet dew that nourishes the earth and purifies our hearts, being a give-and-take matter, or one of selfless contribution. So I know that: 1) I will serve as mayor selflessly, without party or personal preference, contributing without condition as sweet dew, just as the "water" in my name.

2. Like the "pian" [flat] in my name, the lower and shorter the better. In contrast to low and short, I will willingly serve as a stepping stone, a carpet, and a boat when others have waters and rivers that they cannot cross, willingly serving as a bridge. These instructions that he gave me were particularly moving, letting me know that in the future as mayor, I would be serving as sweet dew, a stepping stone, and a carpet for others.

Hong Kong**China Criticizes Government Over Sewage Plan***HK2701045095 Hong Kong SOUTH CHINA
MORNING POST in English 27 Jan 95 pp 1, 2*

[By Chris Yeung]

[FBIS Transcribed Text] China yesterday blasted the Hong Kong Government for ignoring its call to halt the territory's controversial sewage disposal plan by handing out more contracts today. In a strongly-worded statement, the Hong Kong and Macao Affairs Office (HKMAO) said it was irresponsible for the Government to push ahead with the scheme, which it said carried an "enormous degree of blindness and risk." "(The scheme) might create serious long-term damage and enormous loss to marine resources. This is a very irresponsible move," a spokesman said.

The statement was issued on the eve of the Government's plan to gazette the awarding of two major contracts on Stage One of the Strategic Sewage Disposal Scheme today. A Franco-Japanese consortium, Campeon Bernard/Maeda Corporation, has been awarded two contracts worth \$1.18 billion to build a tunnel system for the collection and transfer of sewage. The contracts were granted shortly before Christmas and work has already begun.

A government spokesman said they were not surprised by the Chinese response and stressed that the Stage One projects were urgently needed to help solve the worsening pollution problem in Victoria Harbour. Stage One projects would not pre-empt second stage work, which was yet to be finalised, the spokesman said.

Under the first stage, sewage will be collected from various points across the territory at Stonecutters Island for primary treatment. The Government initially planned to build a long pipe to discharge the sewage in the waters of Zhuhai, triggering fierce criticism from China. Officials later said their options remained open following criticisms by its own team of experts about the oceanic outfall plan. But they said Stage One would go ahead as scheduled and the remaining contracts would continue to be granted.

The HKMAO official said China had grave concerns and firmly opposed the move by the British side to award further contracts unilaterally, before consultation. China argued that how and where the sewage would be discharged was essential to the overall design of the plan. Whether specific projects could be proved to be feasible would have to be considered only after the overall plan was determined, the spokesman said.

The Stage One scheme the spokesman claimed, did not have a solid scientific basis. No one knew for sure the impact on marine resources of discharging a daily average of three million tonnes of sewage water into Victoria Harbour and its neighbouring waters, the

HKMAO official said. "It's regrettable that the British side has rejected joint assessment on the Stage One plan and insisted on going ahead with its plan in full scale before a consensus is reached by the two governments."

XINHUA Official Addresses District Advisers*OW2601135695 Beijing XINHUA in English 1236
GMT 26 Jan 95*

[FBIS Transcribed Text] Hong Kong, January 26 (XINHUA)—Zheng Guoxiong, deputy director of XINHUA NEWS AGENCY Hong Kong Branch, today called on local district advisers to enhance contact with citizens and play positive role in the smooth transition of Hong Kong.

On a forum for the district advisers, Zheng said that XINHUA NEWS AGENCY Hong Kong Branch has always highlighted the function of the district advisers and it will keep close contacts with them through various channels.

In past three days, over 200 newly-invited district advisers attended three forums in the New Territories, Kowloon and Hong Kong Island to discuss the affairs concerning the smooth transition of Hong Kong and the relations between Hong Kong and the mainland.

There are now over 500 district advisers which were appointed in March 1994 and early this January respectively.

On the forums, the district advisors expressed their wishes to cooperate with the Preliminary Working Committee of the Preparatory Committee for the Hong Kong Special Administrative Region of the Chinese National People's Congress while they make efforts to convey citizens' suggestions.

The advisers also voiced their opinions on popularizing the Basic Law of the Special Administrative Region of Hong Kong and discussed the problems involving communications, housing and public security in Hong Kong and the co-ordination on cross border projects between Hong Kong and China.

Researcher Suggests Appointees Share Top Posts*HK2701045195 Hong Kong SOUTH CHINA
MORNING POST in English 27 Jan 95 p 2*

[By So Lai-fun]

[FBIS Transcribed Text] Top officials of the post-1997 government should be joined by political appointees to preserve the neutrality of civil servants, a pro-China figure suggested yesterday. Every policy branch should have two heads, said Shiu Sin-por, the executive director of the One Country-Two Systems Economic Research Institute, a pro-China think-tank.

The handling of politics and the explanation of public policies should be left to the politically appointed

officers, who might be drawn from outside the civil service. They would be hired on contracts with no retirement age and would have to resign over major blunders, he said at a seminar jointly hosted by the central policy unit and the Chinese University of Hong Kong.

This system would provide one more option for senior officials to serve beyond the changeover. Policy secretaries could choose either to seek early retirement from their office to take up the political appointment, or they could continue to stay in their permanent posts as before, he said.

Mr Shiu said that within each branch, a "mini-cabinet" should be formed to act as a think-tank on policy formulation. He said it was unfair for the secretaries, who traditionally were not trained to handle politicians and the media, to confront the fast-changing political environment and public aspirations.

Mr Shiu, a Hong Kong affairs adviser, said he had recommended his proposal informally to China, whom he described as "open" on the subject.

Secretary for Economic Services Gordon Siu Kwing-chue declined to comment on the suggestion.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be

provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command and validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.

END OF

FICHE

DATE FILMED

1 FEB 1995

